Daily Report

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Repatriation of Refugees From Italy 'Concluding'

AU1208193291 Tirana ATA in English 1811 GMT 12 Aug 91

[Text] Tirana, August 12 (ATA)—The operation of sending back to their homeland the Albanian refugees who sailed to Italy over the last days continues incessantly today. According to the data, their number until today afternoon amounts to about 14,500. The operation is concluding.

Italy's Cossiga, De Michelis Make Official Visit

Alia, De Michelis Meet

AU1208193491 Tirana ATA in English 1754 GMT 12 Aug 91

[Text] Tirana, August 12 (ATA)—On August 12 before noon, the president of the Republic of Albania, Ramiz Alia, received at the Palace of Brigades the foreign minister of Italy, Mr. Gianni De Michelis.

After wishing him welcome, the president acquainted the Italian foreign minister with the situation in the country and the latest developments in Albania.

Our country, the president said further on, is going through a transitional period, which is associated with equilibrium upsets and hardships. The changes we are carrying out in politics and the economy, the transition onto the market economy and privatisation, the opening to the world, etc., are associated with worries, insecurity and shaking of confidence in the future. At the same time the economic situation is extremely grave. These are also the main causes of the exodus, which swept these days a great number of Italy-bound youths.

This exodus, the president said, constitutes an open wound for our people, whose pain is felt by all. The drama of the exodus cannot be healed other than by developing the economy, creating conditions for the people to be employed, earn money, and ensure the future.

Certainly, the president said among other things, the humanitarian aids certain states, firms, and individuals are offering, have their own value and the people appreciate them.

But fundamental, he said, is that the other states, the European Community, including also Italy, help Albania really recover the economy, accord to it important aid and credits. We, the president said, need aid and credits to obtain raw materials, that the economy functions normally with all its productive potential, we need aid and credits for investments to open up new work fronts for the youth in order to support the processes of the economic privatisation, etc.

In conclusion, the president assessed as an important fact that the relations between Italy and Albania be positively developed despite the complicated problems emerging from time to time, as it is the case with the exodus. This, he said, is a testimony of friendship.

The Minister Gianni De Michelis assessed the progress in the introduction and functioning of the political pluralism and democracy in Albania. We, he said, are conscious of the deep difficulties your country is undergoing, and that they cannot be immediately overcome. The Italian foreign minister pointed out that his country will intensify its efforts to help Albania not only through urgent humanitarian aids, but also through cooperation in various fields of the economy, education, etc.

Attending the reception which passed in a warm and friendly atmosphere, was also the minister for economic relations with foreign countries, Ylli Cabiri.

Present were also the ambassador of Albania in Rome, Dashnor Dervishi, and the ambassador of Italy in Tirana, Torquato Cardilli.

De Michelis Meets Bufi

AU1208193991 Tirana ATA in English 1803 GMT 12 Aug 91

[Text] Tirana, August 12 (ATA)—On August 12 afternoon, at the prime minister's seat, talks were conducted between the chairman of the Council of Ministers, Ylli Bufi, and the foreign minister of Italy, Gianni De Michelis.

During the talks, the Italian party said that it will support the democratic developments in Albania and the economic and political reform with emergency aid, credits and investments in various sectors of the economy. It said that the Italian Government has accorded to our country a humanitarian aid of 30 billion liras a month for the next three months: September, October, and November. Likewise it will help Albania with raw materials, education, strengthening of the public order, etc. The Italian Government has envisaged also another aid for Albania, which will be realised by the end of 1992, by phases to help recover the economy and other sectors.

This aid of Italy towards Albania is a starting point also for the European Community, that it, too, help our country with aids, credits, investments, etc.

Premier Ylli Bufi expressed to the Italian foreign minister the Albanian Government's thanks for the aid and the support Italy is rendering to Albania at these difficult moments and, at the same time, its commitment to promote the democratization processes in the country, to realise the economic and political reform. First of all, the Albanian premier said, the situation here will be improved both by the Albanians and the foreign aid, so that the people and especially the youth realise their aspirations, be employed and enjoy the fruits of democracy in Albania. Gianni De Michelis wished that in the future the cooperation between our two countries be strengthened. He spoke of the technical aid to be given to Albania by Italy, the cooperation between the organs of the public order of both countries, etc. The aim of the

Italian Government, he said, is to show to the Albanian Government and the Albanian people that the only way to overcome the difficulties is to regain confidence. Albania is here. Here are to be found also the possibilities to improve the difficult economic situation. De Michelis voiced the Italian Government's belief that within a short time Albania will overcome the economic and political difficulties, will march on a good road, hence, he added, we will not experience a repeat of the undesirable exoduses.

After the talks, in one of the surroundings of the prime minister's office, the chairman of the Council of Ministers, Ylli Bufi, and the minister of foreign affairs of Italy, Gianni De Michelis, gave a press conference.

Cossiga Arrives in Tirana

AU1308110991 Paris AFP in English 1054 GMT 13 Aug 91

[Text] Belgrade, Aug 13 (AFP)—Italian President Francesco Cossiga arrived in the Albanian capital Tuesday in a bid to solve the crisis of Albanian refugees in Italy, Albanian journalists said.

The source, contacted by telephone from the Yugoslav capital, said Cossiga, accompanied by Italian Foreign Ministry official Claudio Vitalone, would spend several hours in Tirana for talks with Albanian President Ramiz Alia and Prime Minister Ylli Bufi.

On Monday, Italian Foreign Minister Gianni de Michelis flew to Tirana and pledged emergency Italian aid to Albania totalling 115 million dollars.

Kapllani Receives UN Development Chief Draper

AU1208193691 Tirana ATA in English 1812 GMT 12 Aug 91

[Text] Tirana, August 12 (ATA)—The UN deputy secretary-general, administrator of the United Nations Development Programme (UNDP), Mr. William H. Draper III, who will take part in the inauguration of the UNDP office in Albania and will negotiate the programme of aids of this international organisation for the Republic of Albania, arrived on an official visit to our country on August 12.

On the same day at the Ministry of Foreign Affairs, Foreign Minister Muhamet Kapllani received Mr. Draper and exhanged views on the further strengthening of the relations of our country with UNO and especially with the UN Development Programme, UNDP, and the ways and possibilities of this organisation and UNO's in general to help Albania with its development in the future.

Council of Ministers Discusses Market Economy

AU1208194291 Tirana Radio Tirana Network in Albanian 1800 GMT 12 Aug 91

[Text] The Council of Ministers met today, 12 August, under the chairmanship of Prime Minister Ylli Bufi, and examined the provisional program for the reform of the Albanian economy to a market economy.

The program was submitted by the Ministry of the Economy. It begins by describing the current economic crisis, the measures that must be taken for macroeconomic stabilization, and measures to combat the crisis and to balance the budget. The program lays out how the market economy will be institutionalized, and specifically discusses ways to reform property, methods of reorganization and privatization, bank reform, credit and foreign trade, tax assessment, and legislation. Attached to the program is a series of laws now being prepared by the different ministries, and which will be completed in draft form within the third and fourth quarters of this year. Their approval and enforcement is necessary to put through the economic reform.

At the morning session, Dr. Gramoz Pashko, deputy chairman of the Council of Ministers and minister of the economy, replied to the questions of members of the government about this program.

The meeting of the Council of Ministers will continue in the afternoon with a discussion among members of the government about the program for the reform of the economy.

'Blockade of Land Communication' With Kosovo Feared

AU1208155991 Pristina BUJKU in Albanian 2 Aug 91 p 2

[Ibrahim Osmani article: "Is Kosovo Being Forgotten?"]

[Text] Must some bloody excess really occur for it to be realized what is being done to the Albanians with the blessing of the Serbian state?

Can the pragmatic dispatch of messages and expressions of understanding for Kosovo and the Albanians on the part of international authorities act as preventive therapy to forestall some bloody excess of the policy of violence, or will the world change its diplomatic face and send observers only when the total war that has all but begun in Kosovo breaks out?

What must in reality still happen for the tragedy of Kosovo and the Albanians to be really understood, the denial of their rights, and the institutionalized state violence waged against them so clearly evident in the increasingly repressive measures and the total destitution of society including even the most elementary aspects of national existence? What must happen for the foul and utterly inhuman aims of the policy of violence to be understood?

Will the price of delayed international intervention be too high? Such intervention would resemble a fire brigade, which would reflect directly and negatively on the prestige of international diplomacy.

Dramatic facts, showing every day how confused the minds of those in power are, indicate that the situation in Kosovo has reached its nadir. Force and violence is being used to discipline and subjugate everything in this area that is not Slavic. The Serbian Parliament approves laws that give the Serbs absolute privileges, while the nationalities are made even institutionally subordinate.

Movements in and out of Kosovo are now under rigorous control and surveillance, and the trend is toward a total blockade of land communication with the northwest and the world. Data and eye-witness accounts from Albanians, who have recently been forcibly returned even from journeys in Serbia, lead one to conclude that we will in the near future have a "Serbian Great Wall of China," which could very easily serve foreign observers as a formal pretext for not coming to Kosovo. Albanians, Croats, Slovenes, motor vehicles with license plates from the northwestern republics, and even foreign buses carrying passengers from Kosovo are now being turned back from journeys to the northwest. Rail passengers from Kosovo are taken off the train and sent to the nearest police station in Serbia, where they are "dealt with" by a police escort, and sent back to Kosovo.

Planes bade farewell to Kosovo long ago, except, of course, military aircraft.

Zhelev Supports Elections on 29 September

AU1308083091 Sofia DUMA in Bulgarian 8 Aug 91 p 1

[DUMA PRESS report: "President Confirms Position on Elections on 29 September"]

[Text] President Zhelyu Zhelev confirmed his position on holding the elections on 29 September in accordance with the decree issued by him. At a meeting on 7 August with members of the Bulgarian Socialist Party [BSP] Supreme Council and the leadership of the BSP legislative faction the president stressed that according to him there is no reason to not hold the elections on that date.

On behalf of the BSP Aleksandur Lilov expressed the party's categorical opinion about the elections date. This opinion is prompted by the necessity of decreasing tension in the country, accelerating democratization, and establishing legally elected local and legislative bodies of government, which will continue the reforms in the country.

The BSP is ready to conduct a positive, tolerant, and civilized election campaign and will do everything that depends on it to conduct free, democratic, and honest elections, it was pointed out at the meeting with the president.

BSP Accuses Zhelev of Interfering in Elections

AU1208174891 Sofia BTA in English 1653 GMT 12 Aug 91

[Text] Sofia, August 12 (BTA)—Today the BSP [Bulgarian Socialist Party] accused President Zhelyu Zhelev of "intolerable interference in the election campaign." The special declaration of the BSP leadership and the parliamentary BSP was provoked by the president's statement at a press conference that if the BSP (formerly Bulgarian Communist Party) wins the coming elections, this will bring instability. The declaration claims that such statements encourage those political circles that intend to destabilize the situation.

The declaration says that the president has been repeatedly making statements and has been acting at variance with his constitutional obligation to personify the nation's unity.

Dr. Zhelev used to be the leader of the opposition before he was elected president.

The Socialists remind that the BSP leadership "has expressed amazement at his behavior in private meetings with the head of state, so that his prestige is not publicly undermined." Now they believe, however, that the president is taking advantage of his post to press a definite political position on the electorate.

Dimitrov Accuses Socialists of Stalling Elections

AU1208160491 Sofia BTA in English 1453 GMT 12 Aug 91

[Text] Sofia, August 12 (BTA) - Mr. Filip Dimitrov, chairman of the National Coordinating Council of the Union of Democratic Forces (SDS)—the radical opposition, accused the Socialist Party before journalists today of stalling the elections. The elections were scheduled by the president for September 29, but the socialist-dominated parliament has not passed the elections act yet.

Mr. Filip Dimitrov reminded of the agreement concluded between the political forces on January 3, according to which the new parliamentary elections were to be held in May. "This agreement was also the basis on which the coalition government was formed," the leader of the right-wing in the Bulgarian opposition stressed. The SDS started warning about the threat of a postponement of the elections as early as the end of February.

Elections are necessary in order to ease the political situation, in order to guarantee the work of the government which is now harassed by opposition, Mr. Dimitrov said stressing that the stalling of the elections is to the taste of the Bulgarian Socialist Party [BSP].

According to him the right wing in the Bulgarian opposition has all reasons to believe that the BSP would be glad to skip the October 12 deadline for holding the elections envisaged in the Constitution. Every postponement of the elections increases the economic burden of the Bulgarians, blocks the reforms and aggravates the situation of the population, Mr. Dimitrov said.

Chairman Dimitrov Reports on State of SDS

AU1208075991 Sofia POGLED in Bulgarian 29 July 91 p 8

["Abridged text" of report by Filip Dimitrov, chairman of the Union of Democratic Forces National Coordinating Council, to the National Coordinating Council of the Union of Democratic Forces on 22 July on the state of the Union of Democratic Forces—first two paragraphs are POGLED introduction]

[Text] In the near future, perhaps even today, the dark blue members of the National Coordinating Council of the Union of Democratic Forces [SDS] are expected to ask for the resignation of their current chairman Filip Dimitrov. Well-informed sources state that Messrs. Stefan Savov and Yordan Vasilev are the favorites for this post.

The first indication that Mr. Dimitrov had begun to lag behind the SDS radical movement, that is rapidly gathering in momentum, came months ago when the SDS leadership raised the question of his removal. Last week, on 22 July, this question took on particular urgency after Mr. Dimitrov read his report on the state of the union to the National Coordinating Council. It became well

known that the Podkrepa representative called the report "creeping Zhelevism." We present the report to you (not significantly abridged), without which it is impossible to understand the criteria suggested by the trade union official's comment.

From the beginning of March, when it became obvious that the political agreement would not be adhered to, the question of immediately holding elections was raised for the following reasons: To avoid the unfavorable consequences of having to participate too long in a government with the Communists; doubts in the government's fitness to create quickly an efficient base for the reform; increased tension in the local structures due to being forced to postpone their election organizing activities and their replacement by endless and pointless "political analyses." It appears that this proposition has now been taken on board by the Coordinating Council and the local structures, but some of the parties' activities (the Bulgarian Social Democratic Party, the Nikola Petkov Bulgarian National Agrarian Union, the Green Party, Ecoglasnost, and part of the Federation of Democracy Clubs) were determined by quite a serious argument with the Bulgarian Communist Party [BCP] in the legislature. This proposition was maintained even after the 39 deputies walked out of the legislature on 14 May 1991. Initially the arguments on the Constitution were reduced to the following: that voting on it could slow down the elections and strengthen the processes of disintegration in the SDS, that it would lead to presidential elections at an inappropriate time, and that it would allow the Grand National Assembly to choose judicial bodies, which for the most part would be acceptable to the communist majority.

During the arguments and confrontations of the different SDS groupings, these considerations were replaced by a stand to oppose the Constitution and not vote on it at all. This was skillfully used to stir up the question of the monarchy and to intensify disputes. Matters reached the stage of the absurd proposal for a referendum according to Article 1 and the desperate request for a referendum on the whole Constitution, after the third reading of it had taken place. At this point, the vote on the Constitution turned into a particular cause of contention in the SDS. In other words, as was suspected, the goal of having a referendum on the monarchy was actually achieved because of arguments over the Constitution.

The SDS was formed as a coalition of parties and movements that developed in different ways, some of which have small memberships and/or little political influence. This also made the differences between them unclear, and the electorate began to perceive the SDS as a cause rather than a coalition. The attempt to amalgamate some of the parties during the autumn of last year ran into trouble because of personality conflicts and fears of losing positions. Despite this, some of the electorate perceive the SDS as a blue party. This holds good for some of its activists, and thus to observe the coalition principle seems to them unjustified. Another section of the electorate, however, for different reasons has a sense of loyalty to its own party affiliation.

At present the SDS has structures in all municipal centers and in approximately two-thirds of the surrounding villages. In many of the villages where the unification of the two agrarian unions is happening spontaneously, the local organizations, for the most part the only opposition, are of unclear orientation. The internal wranglings in the SDS make the idea of a united opposition, a source of confidence in these structures, practically pointless.

The local structures are seriously shaken by the wranglings in the SDS. As should be well known, 25 percent of the chairmen of the municipal coordinating councils are from the Bulgarian Social Democratic Party [BSDP], 18 percent from the Green Party [ZP], and 12 percent from the Federation of Democracy Clubs [FKD]. Top of the list is the Nikola Petkov Bulgarian National Agrarian Union [Nikola Petkov BZNS] with 20 percent. There is information that the latter do not accept in every respect the grounds for conflict in the SDS. As far as the respective organizations of the BSDP, the FKD, and the ZP are concerned, for the most part they still have not finally sided with any particular grouping in the SDS. According to data, some of the BSDP organizations reject the idea of a special congress.

Citizens Committees are being formed in Sofia and other places. There are reports that whole oblasts, or at least large parts of them do not see any point in the formation of such committees. Election structures (clubs in the okrugs and groups in the municipalities) are, generally speaking, set up, but the wranglings in the SDS are also shaking them.

The Central Election Club functions on the basis of an organized (coordinating) sector to which the following belong: national coordination, expert groups, a council (whose function was impeded at the time of the strike), an investigation and census group, a technical department, which from this week will function with staff changes. It must be noted, however, that at least three of the central coordinators have resigned because of the wranglings within the SDS. Financial resources are practically non-existent.

The SDS is struggling to obtain power in a legislative fashion through elections. One comes across statements where the concept of a "peaceful transition" is tossed around. However, it is not clear what the alternative is. If it is a question of revolution, it can either be an armed coup, which (thank God) the SDS has never stated that it seeks, or a "gentle" revolution, which perhaps is a method for effecting changes in the administration, but not in the distribution of forces in the legislature. It must be clear that we are obviously aiming at a peaceful transition. Opposition to this concept is irresponsible. The assertions that the SDS directs itself toward revolutionary action are also irresponsible. Street actions are a

means of expressing protest or one's opinion and not a means of resolving the question of power. This must not be forgotten.

The results of recent political events, including the walkout from the legislature and the deputies' hunger strike, are above all else a consolidation of the hardline circles of the opposition and to a certain extent a way of overcoming the unfavorable consequences of coexisting far too long with the BCP in government. From another point of view, social tension naturally does not attract that sector of the electorate who have stated that they will not vote. For this group of voters the advertising of the confrontation between the different sections of the SDS is extremely unfavorable. It also has a particularly depressing effect on some of the steadfast SDS voters. One is struck by the high level of approval for Dr. Dertliev in comparison to the significantly lower approval for the BSDP and the SDS-Center, which can be explained by his being perceived as a victim of unjust accusations, even though voters are not ready to support his formation.

With the breakdown of the idea of a united opposition, the question of the future government is particularly crucial. The idea that the SDS will fight to remain in opposition, stated publicly, would be interpreted by the electorate as distancing themselves and running away from the responsibilities of power. On the other hand, if the conflict in relations between the SDS groupings remains, even if an election victory is not achieved by the BCP, the chances of forming a government are seriously reduced, and this makes the electorate's support doubtful and in any event means the curtailment of any help from abroad.

1. The preservation of the local SDS structures cannot be brought about by simply declaring that one of the groupings represents the real SDS. The extent to which they will be disrupted during the campaign is difficult to predict but it could seriously impinge on their activities during the election campaign.

2. The most likely way the different SDS groupings will take part in the legislative elections is with two or three separate lists. It is still difficult to say what the electoral law will be exactly, but probably colored party ballots are envisaged. In any case, by each name there will be the abbreviation SDS. Most likely there will be separate campaigns.

3. For the campaign to be successful it is vital that all hostile acts, slander, and scathing remarks in the media must immediately stop.

4. The leaders of the parties and the movements must begin immediate consultations to agree on the conduct of a peaceful campaign and to discuss the possibilities for an agreement, pertaining to the period after the elections—guarantees for nonparticipation in a coalition with the BCP, possibilities for a future coalition partnership. If a mixed electoral system is adopted, it is vital that rules of conduct are agreed if we need to hold a ballot. It is appropriate that the possibilities for a protocol be discussed on points of agreement and variance in the SDS's general program to date. It follows that the possibility of taking part in the local elections on different lists needs to be discussed with respect to the possibility of local structures' producing the general lists for nominations for local elections. This could only be decided by an explicit agreement.

5. Regardless of how the aforementioned points develop, if the campaign is to be relatively successful, its whole organization needs to be handled by the election club.

6. For this campaign to be a winning one and so that it is worthwhile waging at all, it must be more positive than negative. This is particularly essential after our participation in the government. We must radiate confidence, and not doubts, desperation and a readiness to indulge in extreme measures; moderation and consistency, and not artistic improvisations, where the formulation of our stances is concerned; we must be consistent and work things out in advance except in exceptional circumstances brought about by unforeseen circumstances. All this requires a certain amount of subservience to and respect for one overall plan.

Green Leadership To Boycott 'National Conference'

AU1208175091 Sofia BTA in English 1645 GMT 12 Aug 91

[Text] Sofia, August 11 (BTA)—A National Conference of the Green Party will be held on August 24. It will not be attended by the leadership of the party and its chairman—Mr. Aleksandur Karakachanov. Mr. Karakachanov asserts that the steering group which is convening the conference is performing a scenario for the splitting of his party and of the Bulgarian opposition. The Green Party was founded at the end of December, 1989. Then it proclaimed itself to be a liberal, non-conservative party unlike the green movements in the West.

The steering group for the Extraordinary Conference of the Greens intends to elect a new leadership and to discuss the tactics of the Green Party in the election campaign within the framework of the SDS [Union of Democratic Forces]. In the meantime Mr. Karakachanov signed a document on the foundation of a Political Consultative Committee together with the Social Democrats, the Democratic Party—Plovdiv, the Ecoglasnost Political Club, a part of the Federation of Democracy Clubs, which also split, and with the Club of the Repressed.

Today Mr. Karakachanov repeated that the Green Party will run in the elections on a single ticket with the SDS-Liberals. The Greens, demanding the holding of a conference, insist on the remaining of the party within the SDS coalition headed by Mr. Filip Dimitrov.

A split is also imminent in the Bulgarian Social Democratic Party [BSDP]. A steering group is convening a congress. This weekend the BSDP leader Dr. Petur Dertliev announced the expulsion of the party organization demanding the holding of a congress and dissatisfied with the policy of their leader.

Podkrepa Urges National Strike, KNSB Alleges

AU1208194691 Sofia BTA in English 1750 GMT 12 Aug 91

[Text] Sofia, August 12 (BTA)—The Podkrepa Labor Confederation is urging a nationwide strike, Ms. Diana Damyanova, deputy chairman of the Confederation of Independent Trade Unions [KNSB], told the press today. She also said that according to the KNSB, the miners' strike that has been scheduled for August 14 is intended to develop into a nationwide strike but the KNSB will not support it.

Opposition Parties Quarrel Over Property, Ballots

AU1208194891 Sofia BTA in English 1741 GMT 12 Aug 91

[Text] Sofia, August 12 (BTA)—The split of the opposition coalition, the Union of Democratic Forces (SDS), was finally confirmed last week when six of its member-parties founded a Political Consultative Council as opposed to the National Coordinating Council. It is obvious that in the forthcoming elections the SDS will appear split into three: SDS-radicals (led by Mr. Filip Dimitrov), SDS-liberals, and the Bulgarian Social Democratic Party (BSDP), which claims to be the SDS-centre.

The Social Democrats and the SDS-liberals get along pretty well, though they will not take part in the elections together. They are together in the Political Consultative Council. It seems, however, that the Political Consultative Council and the National Coordinating Council will resort to the court to divide the possessions of the SDS, the coalition which was founded a year and a half ago, and the blue colour of its ballot-paper.

This weekend Mr. Petur Kornazhev, a man of law, one of the leaders of the BSDP and of the moderate wing of the parliamentary SDS, gave an inkling of such a solution.

"We shall probably resort to the court," said last week Mr. Stoyan Ganev, a member of the radical wing headed by Mr. Filip Dimitrov.

Mr. Filip Dimitrov himself said the same at the regular press conference of SDS-radicals today. He said that in Bulgaria to set up a claim is the easiest thing to do. "But this is not the simplest sort of case," he added and emphasized that the opposition in Bulgaria will hardly benefit from such an action when there are more important things to do. There will be a lawsuit, anyway, and, most probably, prior to the elections.

The argument about the blue colour of the ballot-paper which represented the coalition in last year's elections will probably also have to be solved in court. In principle, the blue colour was registered as the colour of the Social Democratic Party and it would not give it up. Neither would Mr. Filip Dimitrov. Today the leader of the Green Party, Mr. Aleksandur Karakachanov, said that SDS-liberals will remain steadfast and will not give up the blue colour, either.

Serbia's War Reparations Claims Rejected

AU1208175491 Sofia BTA in English 1524 GMT 12 Aug 91

[Boyko Borisov report]

[Text] Sofia, August 12—The political forces in Bulgaria reject Serbia's claims for any Bulgarian "reparations" due to Yugoslavia after World War II as unrealistic, ridiculous and absurd.

When asked by the BTA if last week's claim of Serbia's parliament for three billion dollars in reparations is justified, Mr. Andrey Lukanov, deputy chairman of the Supreme Council of the BSP described this claim as utterly unrealistic. Mr. Lukanov noted with regret that the decision of Serbia's parliament certainly contributes neither to the progress of bilateral relations, nor to the improvement of the climate in the Balkans.

This claim is unfounded both from the point of view of law and from the point of view of the normal political and interstate relations, said Mr. Yordan Kukurov, MP for the Nikola Petkov Bulgarian Agrarian Party. "I am unaware of the basis on which the claimed 'reparations' have been calculated, but I know that when the Bulgarian troops entered Yugoslavia in World War II, they believed they were liberating Bulgarian territories. That is why the Bulgarians never destroyed anything in Yugoslavia, on the contrary, railways and roads were built," Mr. Kukurov explained.

"This claim is simply ridiculous," said Dr. Petur Dertliev, leader of the Bulgarian Social Democratic Party. According to him, the new times have brought nothing new to certain political circles in Yugoslavia that remain captives of chauvinism and megalomania. This is to the detriment of both the peoples living within Yugoslavia and of peace in the Balkans on our common way to Europe, said Dr. Dertliev.

Mr. Stefan Savov, leader of the Democratic Party and co-chairman of the Parliamentary Union of Democratic Forces, described Serbia's claim as an act of despair by Serbia's rulers who are resorting to all kinds of speculations to manipulate public opinion in Serbia in order to distract its attention from the acute problems in Yugoslavia.

Mr. Petur Staykov, deputy chairman of the Parliamentary Union of Democratic Forces, called the claim an act of nationalism which contradicts international law and practice.

"This is a very serious issue, but in order to adopt a final attitude and response we should first receive the official text of the declaration of Serbia's parliament. It has not arrived yet and I hope that in the end common sense will prevail in the final elaboration of the Yugoslav stand," said Acad. Nikolay Todorov, chairman of the National Assembly.

In connection with the reports on the decision of Serbia's parliament in the press Mr. Todorov said that it is absurd to talk about reparations at the end of the 20th century. The unilateral antedate cancellation of legitimate international agreements is an inadmissible act. If adopted, such a practice would create chaos in international life, Mr. Todorov believes. "Which treaties should we consider legitimate, between Bulgaria and Yugoslavia or between Bulgaria and Serbia?" he asked.

In addition, Serbia's present claims are at variance not only with the sums that were fixed in the past and later cancelled, but with any logic, too.

Such an attempt to complicate Yugoslavia's relations not only with Bulgaria, but also with Hungary and Germany is unacceptable from the point of view of common sense. Especially at a moment when Belgrade needs peace and the support of the international public and of the neighbouring countries more than ever in order to find a way out of the present crisis, the chairman of the National Assembly concluded.

Finance Minister Defends Market Regulation Fund

AU1208161591 Prague MLADA FRONTA DNES in Czech 6 Aug 91 p 1

[Interview with Federal Finance Minister Vaclav Klaus by Jiri Leschtina; in Prague on 5 August; in the "Today" column]

[Text] [Leschtina] Yesterday's decision [5 August] by the Federal Assembly Presidium to establish a federal market regulation fund was preceded by a lively discussion. Deputy V. Benda, for instance, described this fund—when the government procures from farmers all the unsalable food—as dangerous interference by the state in the economy and a serious threat to progress of the economic reform. Is it not rather absurd that the draft of this new legal measure has been presented to the deputies by Vaclav Klaus himself, who can hardly be considered to be an advocate of government interference in the economy?

[Klaus] Undoubtedly, there is a certain irony here, because I am the last person who would want to state that our future reform paths lead precisely through funds like this. Nonetheless, it is a government decision, and V. Dlouhy, whose office was entrusted by the government with the drafting of a concept of this fund, is abroad. However, we must take several things into account. First, the federal character of the fund will guarantee a certain concept and a greater consistency in a situation in which similar funds already exist at the republic level. Hence, if a greater coordination takes place between the governments, it will be just fine. Second, the fund will interfere in the economy only to the extent that the size of the fund allows. From this point of view, I believe that if it is simply a matter of 3 billion korunas, the whole affair cannot cause great damage to the economy. Third, and finally, this fund certainly cannot solve the problem of agricultural surplus. The demand for expensive agricultural products will definitely not increase in the future. Thus, the main steps aimed at reducing production costs, and a subsequent improvement in quality combined with cheaper production—the only road toward a stimulation of consumer interest—must be taken by the farmers. In this respect, the reform has not begun.

Bank Chairman Views Progress of Economic Reform

AU1208173591 Prague RUDE PRAVO in Czech 6 Aug 91 pp 1, 5

[Interview with Czechoslovak State Bank Chairman Josef Tosovsky by Pavel Paral; place and date not given: "I Am In Favor of Some Intervention by the State"]

[Text] The criticism of economic reform has become stronger recently. We asked Czechoslovak State Bank Chairman Josef Tosovsky how he sees our economy from his position:

[Paral] Government representatives are saying that reform is being satisfactorily implemented and the drop in economic performance does not worry them. Is the State Bank chairman also unperturbed when he sees the drop in productivity, increase in demand for energy, and other phenomena that create pressure on the stability of our currency?

[Tosovsky] Views on the development of our economic reform may differ. We are criticized by those who have always been opponents of economic reform and, at present, they are once again questioning the reform's fundamental pillars. I mean, for instance, the Forecasting Office. Along with their opinion, there is also the government's opinion and the opinions of various parties. Let us say it openly—their opinions vary according to their political interests.

We, in the central bank, see the situation like this: There has been a drop in economic performance, which was expected. However, the drop is greater than expected. We will have to revise our original assumption about the decline in the gross national product. This is indisputable. The reality is: When we were making prognoses at the beginning of reform, no one had a clear idea of how everything would look, and no one was able to calculate how the economy would develop, simply because it is impossible. There were so many reversals in the structure of macroeconomic demand, and so many factors, that it was impossible to make correct calculations. This means that it is nonsense to say: You see, the situation is worse than you anticipated.

On the other hand, there are in fact positive and sound tendencies, as far as currency is concerned. The price development is under control. You can see this, and the figures prove it. Another aspect is that the balance of payments is developing better than expected. At the beginning of this year, we spoke about the anticipated deficit in our balance of payments reaching 2.5 billion dollars this year. We have revised this assumption. We anticipate a deficit of less than 2 billion dollars, and the result may be even better. The start of the [koruna's] convertibility is good, the reserves of foreign currencies are at solid levels, and we are maintaining the exchange rate. Those are encouraging results that could provide a guarantee that the economy develops soundly while the currency remains strong.

[Paral] But zero inflation will appear only when nothing is produced and people have no money! And the balance of payments will be in complete equilibrium only if we export nothing and import nothing. What happens to our currency is not a decisive factor then.

[Tosovsky] We are in the period of the most radical part of reform, and we are impatiently waiting to see the first indications that the recession is about to reverse and the economy is to resume recovery. Opinions about how to overcome this period may vary. One extreme opinion stressed the need for state intervention in the economy. This can be done in various ways. We can dictate to

enterprises how much they produce in machinery, electronics, or other industries. Another extreme is to leave the economy running without any state intervention. If you want to hear my private opinion, then I will tell you that I believe that in this period, we should use state intervention to some degree.

[Paral] In your opinion, what kind of intervention should this be?

[Tosovsky] The government should, for instance, formulate the agricultural policy of the state. They are working on it now, yet it could have been done sooner and so could the energy production policy, the ecological policy, and the policy to stimulate exports. When I formulate these policies, I do not have to intervene in individual sectors and industries because the export stimulating policy will shape production and the structure of the economy. Such state intervention could lessen the drop in the performance of the economy and even give a boost to new growth areas in the economy.

[Paral] I do not doubt the necessity of the export stimulation policy, yet I do not believe that this will be enough in our present conditions. Today, the economy is under the pressure of restrictions, whose objective is not only to curb inflation but also to eliminate inefficient production. Apparently, we did not manage to achieve this, and we are still wasting substantial sums on that production.

[Tosovsky] Do you prefer drastic bankruptcies?

[Paral] I am in favor of drastic bankruptcies, but I am also in favor of more radical state intervention in the economic structure.

[Tosovsky] You prefer a more visible state hand that would condemn enterprises to death. This is partly happening in Czech industry—in the Czech Government. I do not have precise information about the situation in Slovakia. Enterprises that have no prospects will be liquidated. This can be done slowly because the bankruptcy law has been delayed.

There is also a large group of enterprises that are in a difficult situation, yet their prospects may not be that bad. Should we help them? If so, in what manner? I hate anticipating developments, but I must say that a working team has been established in which there are officials from the bank, the Ministry of the Economy, the Ministry of Finance, and the Ministry of Privatization. Within a month, this group should propose how we should solve the indebtedness in the entrepreneurial sphere. We feel that something must be done in this direction. I cannot say what method will be selected and what solution will be adopted but, maybe, the results of the work of this group will satisfy us.

[Paral] Interest rates are a topic that is frequently discussed today. You have always said that interest rates should stay ahead of prices. Prices have been stabilized, yet the interest rate still remains high.

[Tosovsky] First, at the beginning of August, we lowered interest rates from 22 percent to 19.5 percent. We kept the discount rate at 10 percent and cut the maximum markup from 12 to 9.5 percent. You may say that we proceeded in a very bureaucratic way, yet our banking system is still too monopolistic for us to be able to regulate the demand for money using the most refined tools. We have issued two recommendations to commercial banks, above all: not to change the interest rate on the public's savings and relax their interest policy somewhat.

What are our objectives? This does not mean the we are abandoning our anti-inflationary policy. This is a reaction to new developments in prices and, on the other hand, we want to keep our finger on the pulse of the economy. We do not think that lower interest rates will lead to a breakthrough in investments. The entrepreneurial sphere has far better reasons to be restrained in making investments. The fact is, that if an enterprise is to be privatized, it is too good a reason for the enterprise to abstain from investing, and the 3 percent cut in the interest rate cannot reverse that. However, this may be a relief for some enterprises, and for the private sector this will be a noticeable relief.

Let us return to inflation. Inflation is a phenomenon that deserves to be discussed, and we have discussed it a lot. Maybe, we should differentiate between inflation and price movements when compiling the price index.

[Paral] What do you mean by that?

[Tosovsky] Price movements also include price changes that occur due to centrally made decisions— for example, the abolition of subsidies. From the monetary point of view, it is irrelevant whether the money comes from the state budget in the form of subsidies or from the households' budgets. This is what happened in the case of food and what is happening now in the case of heating. This also is what happened when changes to the turnover tax were implemented. This is what I call price movements. What I call inflation is the effects that we induce by implementing our monetary policy, by setting wages, and by our budgetary policy. What matters is whether we encourage or restrict the necessary price movements.

In June, consumer prices rose 1.8 percent. If you analyze the structure of this increase, you will see that food prices declined 0.1 percent, industrial goods prices rose 0.5 percent, public catering prices rose 0.9 percent, and prices for services rose 12.8 percent. The latter figure includes heat. A part of the population has been compensated for this (families with children and pensioners). This fact should be left out [of our calculations] and of our analysis of the monetary situation. The increase in the level of prices has not been caused by the interest rate or by the amount of money [in circulation]—or by anything similar—but by a centrally adopted decision. From the monetary point of view, this is only a transfer. So far, this expenditure has been covered from the budget, and now it is being transferred to the public. If I

left this price increase out of the calculation of inflation, then our inflation would be around 0.5 percent. This is the way in which I would like to document the fact that inflation is really getting under control and that it is necessary to react to this. We are reacting by cutting the interest rate.

[Paral] Valtr Komarek said recently that our inflation is not real inflation, but a certain kind of currency reform in which savings are losing their value.

[Tosovsky] Savings have certainly lost some of their value due to a negative interest rate [interest rate lower than inflation]. We have cut the enterprises' expenses; we have made their lives a little easier—and maybe longer. The public was forced to make a sacrifice. There is no doubt about it. As I have indicated, with the current inflation rate, we now have realistic interest rates that mean savers are profiting from their savings.

I do not want to exaggerate since there are still inflationary impulses in the economy. What I have said is only a partial explanation for what has happened. Apart from that, the average interest rate on the loans granted to the public is 3.4 percent, while the average interest on savings is 10 percent. This means that we must not assess the situation only on the basis of how much interest the population gets on savings, but we also must take into account how the population is profiting from loans.

[Paral] The savings amount to 300 billion korunas and loans to 50 billion korunas.

[Tosovsky] Of course, this is disproportionate, but still—it is unusual when interest rates are reversed [lower interest on loans than on savings].

[Paral] What about the term monetary reform?

[Tosovsky] As far as monetary reform is concerned, we are implementing economic reform and this requires a number of measures. Can you imagine what would have happened if we had burdened the enterprises by imposing a 45 percent interest rate in the first stage of reform?

[Paral] So, somebody has to cover the costs of the reform.

[Tosovsky] That is always so.

[Paral] Nevertheless, since we are speaking about the interest rates, do you believe that the difference between the interest on savings and the interest on loans is appropriate and justified?

[Tosovsky] You are referring to what you believe to be an excessive margin. That was also one of the reasons for the reduction in the interest rate on 1 August.

By reducing the allowable surcharge to the discount rate, and by pressing for preservation of the current interest on savings, we have actually reduced this margin. It remains higher than is usual abroad, but it is also a fact that our economy is in a different situation than other economies. When the situation is quite uncertain and therefore risky, the margin between the rates of interest grows. The banks must create reserves of capital to be able to cover eventual bankruptcies or loans that will not be recovered. I believe that the behavior of the banks corresponds to the situation in the enterprise sphere.

[Paral] Lately, a lot has been heard about laundering dirty money. Our banks are checking neither the origin of the money deposited in foreign currency accounts, nor the addresses abroad to which the money is sent. Is our central bank concerned with the problem of dirty money—or is it not?

[Tosovsky] Of course, the state bank management is concerned and worried. We are taking part in discussions and introducing regulatory measures aimed at preventing the laundering of dirty money through our banks. Our employees are participating in various international working groups. I can also say that I have been visited by one or two ambassadors who wanted to know what our laws were like—whether or not they make laundering of dubious money possible— and they appealed to us to put an end to it through our legislation. We certainly are not indifferent to the laundering of dirty money.

Minister Dyba Discusses Decline in Production

AU1208082491 Prague HOSPODARSKE NOVINY in Czech 6 Aug 91 p 8

[Article by Karel Dyba, Czech Republic minister for economic policy and development: "On Reasons for the Decline of Industrial Production; A Necessary Consequence of the Transformation Process"]

[Text] Compared with the same period last year, industrial production in the Czech Republic declined in June by 32.2 percent, while in enterprises with more than 100 employees the decline was 36.3 percent. Over the first half of the year, the total drop in industrial production was 15.4 percent, while in enterprises with more than 100 employees it was 16.9 percent.

The above data may seem somewhat higher than was expected at the beginning of the year. However, we must consider several factors in interpreting it.

First, the volume of production that used to be expressed in current prices had to be expressed instead in comparable prices. For practical reasons—since no other data is available for the state statistics—the price deflators used were constructed on the basis of the structure and weighting of the 1989 entries. However, considerable shifts occurred in the departmental structure of industrial production, and the behavioral pattern of enterprises is also currently changing—they are conforming to a market operation and, under external pressure and in the interest of reducing production costs, they are replacing more expensive materials with cheaper ones.

Hence, last year's entries and their weightings are not fully applicable to the price indexes.

I estimate that if representative entries and weightings of the current year were used, the drop in industrial production would be reduced by approximately three to four points, i.e., it would not be 15.4 percent but about 11 to 12 percent.

Not Every Decline Is Undesirable

This statement can be proved indirectly by comparing the production data in comparable prices and in physical terms. Thus, for example, in mechanical engineering, the physical volume of production in terms of value declined by 12.2 percent, but the production of metal-working machines in terms of the number of units manufactured decreased by only 11.8 percent, textile machines by 5.7 percent, wheeled and caterpillar tractors by 1.5 percent. At the same time, the production of washing machines increased by 4.4 percent, tanning machines by 13.8 percent, forming machines [tvareci stroje] by 15.4 percent, and cars by 34.6 percent.

The situation is similar in other sectors, for instance, in the textile and food industry or in the construction material industry.

Second, I believe that not every decline is undesirable. It is actually necessary that production without a market, or one that is not competitive, be limited. The same is true of permanently loss-incurring production and production with a negative impact on the environment. From this point of view, for instance, the immense drop in the production of nonferrous metals in the first half of this year can easily be justified.

The fundamental changes in prices, with an overall preponderance of supply over demand in the economy, do not lead only to visible shifts in demand but also to an appropriate reaction by the enterprises in the production sphere. These changes, then, are rather sharp. So, for instance, in the construction material industry, there is a desirable decline in the production of prefabricated concrete and reinforced-concrete items (index in physical terms, for January to May, 61.0 percent), while the production of ceramic tiles (index 11.3 percent) and burned construction materials (index 102.5 percent) is increasing.

Third, certain positive changes in the behavior of industrial enterprises are being reflected in the improvement of their delivery discipline, and there are some indications that the problem of enterprise insolvency is being solved by a reduction of previously accumulated stock. To this end, enterprises are trying to reduce the quantity of unfinished products and their stocks of finished products and at the same time reduce their stocks of raw and other materials.

These are unequivocally positive changes, but in the statistical records they are projected as a decline of dynamics and a "trimming down" of the figure for goods production.

Fourth, numerous enterprises in the clothing, leather-working, and mechanical engineering industries are still being contracted to work for manufacturing or trading enterprises in the West. The amount of this consignment work for foreign customers is growing steadily, but it is reflected in the volume of domestic goods production only in the added value, and not in the turnover—since the material is supplied by the foreign customer, its value is not included (except for indirect materials)—which otherwise would increase the value of the production.

The Market Environment Will Be Refined

Regarding the actual dynamics of industrial production in June, I consider it necessary to point out two factors.

This June, the number of calendar working days was one less than last June. This was negatively reflected in the monthly index of industrial production to the effect of approximately 4.8 points.

The last months of the first and the second quarters of last year, i.e. March and June, formed a substantially higher basis than other months because enterprises were rushing to fulfill the plan so that rewards and bonuses could be paid at the end of the quarter. This year, the reasons for rushing no longer exist because other principles of remuneration were introduced.

So, to sum up, this year's decline in industrial production corresponds to my expectations, i.e., it is a consequence of the profound process of transformation in our economy that for more than 40 years existed in a "greenhouse" environment.

The production decline is partially desirable because it occurs in the departments, production areas, and enterprises whose development cannot be effective in the long run. They are areas in which we simply do not have relative advantages.

This year's production decline is partially caused by external factors beyond our control, particularly the collapse of our traditional markets in the former CEMA countries. We could argue about the extent of the impact, but it is undoubtedly responsible for a substantial part of the decline.

The entrepreneurial sphere itself is largely responsible for the lower demand because of its excessive price increases.

Economic policy continually reacts to the developments in the economy, although I must admit that opinions regarding this reaction will always vary. Upon careful consideration of the situation in general, an indivisible part of which is always an analysis of the informative power of statistical data, the governments adopted numerous economic and political measures aimed at limiting the decline of industrial production to a desirable level. I am thinking particularly of increased public spending, of reduced sales tax, and of steps toward an adjustment of payment conditions in trade with the USSR.

I am aware of the fact that the measures adopted will not be effective immediately and that they will have a different impact on each individual enterprise. Therefore, I assume that a certain decline in dynamics of industrial production might continue in the third quarter, but it should stop toward the end of the year.

Hence, I do not see anything unexpected so far in the development of industrial production. Of course, it is obvious that, because of the imperfection of market mechanisms, the decline in production does not always occur only in inefficient and therefore undesirable areas of production. Gradually, as the market environment becomes more refined, the number of such cases will be reduced.

Klaus Says Referendum Serves No 'Great Purpose'

LD1208202291 Bratislava Ceskoslovensky Rozhlas Radio Network in Slovak 1000 GMT 12 Aug 91

[Text] What does Vaclav Klaus, chairman of the Civic Democratic Party [ODS], think about the purpose of the referendum?

[Begin Klaus recording in Czech] I am not worried whether we will be able to call a referendum in time from the legislative point of view. I am not an expert in this field, and it is not the point anyway. I am only interested in the purpose of the referendum, and I do not see any great purpose to it. The illusions that are being linked with it are, in my opinion, extremely false. By saying this, I do not mean that the ODS will boycott the referendum. I believe it is an illusion to think that it will unequivocally show that people want a common state that will definitely take the grist off the mill of some separatists. I think that the referendum will not result in anything positive at all. I am almost certain that more than 50 percent of citizens will say that they want a common state.

A referendum could suggest some guidelines for taking action in one case: if less than 50 percent give a positive answer to a common state. Only than could the referendum change anything in our current situation. Since I do not expect this to happen—I myself will not vote against a common state, naturally—I suppose that the result will be that an overwhelming majority of citizens in Czechoslovakia will say they want a common state. In my opinion, this answer serves no purpose whatsoever. Since exactly one hour after the referendum is finished, this answer will leave us in the same situation that we are in today. We will continue to argue over the shape of the common state, over the division of powers and so on.

I really do not expect much from the referendum, but it does not mean that we want to boycott it. I simply have no illusions about it. It is mere fiction that this is primarily a nationalist issue. This is a fundamental political and ideological issue. The future of Czechoslovakia must be decided in the elections, and any other steps in between or elements of direct democracy are not right. They will not help us very much anyway. [end recording]

Carnogursky on Dam, Political, Republic Issues

LD0908173891 Bratislava Ceskoslovensky Rozhlas Radio Network in Slovak 1100 GMT 9 Aug 91

[Interview with Slovak Prime Minister Jan Carnogursky by Michael Berko; place and date not given: "Ten Minutes With the Prime Minister" - live or recorded]

[Excerpts] [Berko] Mr. Prime Minister, how are you spending this political summer?

[Carnogursky] In a very businesslike fashion. [passage omitted]

[Berko] This week, among other things, was marked by Danube floods connected with the ecological political aspect of the Gabcikovo dam. Has it also been opened to the so-called hardcore of our ecologists?

[Carnogursky] I do not know, but the fact is that, if Gabcikovo was in operation, the villages in the vicinity of Gabcikovo would not be threatened by floods. There would not be any damage to crops. Probably, it would not flood a certain part of Hungary. The Hungarian side has so quickly finished work on its side of the Danube that parts of the dam stayed open and water spread onto Hungarian territory—luckily, only to the fields.

[Berko] The group of ecologists working at the building site is composed partly of Hungarian ecologists. Do you think that these people somehow did not understand the significance of this dam?

[Carnogursky] I do not know if there are Hungarian ecologists, but if there are, I do not mind. We can see that the ecological movement, the movement of the Greens, in fact, is a new form of international movement. The problems of the living environment are problems exceeding national frontiers. It is from this point of view—I repeat—I do not mind if there are foreigners, too, while the position of the Slovak government is that it should not be a political problem, but only ecological.

[Berko] You have mentioned the political aspect of the construction of the Gabcikovo water project. Do you not think that the time has come for the increasing politicization of this important power production complex to end?

[Carnogursky] It is absurd, our side claims, that we always have to defend ourselves and explain how decent we are toward the Hungarian side, which violated its pledges. Furthermore, some political circles in Hungary are getting political capital out of this.

I repeat that the Slovak government sees the problem of Gabcikovo as an ecological problem, as a problem of energy production, of finances, of water management, and so on. But it does not see it as a political problem. It sees it in this light because these aspects of the problem, the protection of the environment, power production, flood protection and so on, are the most important aspects. I spoke about it in this sense with Hungarian

politicians in Bardejov during the East-West conference—for example, with President Goncz and Foreign Minister Jeszenszky. We agreed that the Hungarian side does not see the problem of Gabcikovo in a political light. Therefore, we will try to prevent making Gabcikovo into a political issue. I must say that, so far, we have neither defended ourselves nor explained things to the Hungarian side. We did offer some explanation, but using ecological, water management, and other reasons that made us decide to continue construction.

[Berko] To what extent are the Slovak prime minister and his government able to decide about the course of work on Gabcikovo water project? In other words, the mandate that was given in his own time to ex-Slovak premier Meciar, is it still in force or is it like a number of other issues—continuously in the whirlpool of various proposals, investigations, commissions, subcommissions and so on?

[Carnogursky] The Slovak Government makes decisions and has the right to make decisions on the issue of Gabcikovo because the problem of power production has been passed on, within the framework of a jurisdiction division from the Federal Government to the government of the republics. Naturally, we make these decisions by investigating various proposals in commissions, subcommissions and so on. These are mainly technological issues that must be pondered. We can make a decision only on the basis of thorough specific knowledge. We will be able to get this knowledge only by studying proposals, studies, and polemics, and by assessing individual arguments.

[Berko] Have you enough time to deal with the assessments, views, and polemics addressed to the government? For example, the one made in connection with the first hundred days of your government? Have you found any of the views or commentaries especially interesting?

[Carnogursky] I was rather interested in the general tone, which I think was very positive. All newspapers assessed the activity of the government rather positively. It is true that I do not have time to deal with individual commentaries, comments, or even objections. We have a press government department specializing in this. The government, or myself personally, would deal with something only if it is important or exceeds a certain threshold of weightiness and urgency.

[Berko] With your permission, I will ask you quite a different question. How do you assess the activity of some foreign advisers, at the government level or within the framework of the political movement led by you?

[Carnogursky] At the moment, I have one foreign adviser, Tim Evans, from Great Britain. I see his activity with us as very useful. He mediates for us experience from abroad, in particular, from Great Britain, and he also contributes by giving us a view from a different angle to problems in our country and to proposals on how to solve them. For example, he just delivered a study on the apartment privatization. He described how to transfer apartments to the personal ownership of their occupants. I received a proposal for a new organization of the office of the government. These proposals are rather useful. Naturally, they are being looked into. I think most of them will be implemented.

[Berko] One of the most sensitive questions the public is asking is about the growing feeling that your party or movement is, allegedly, some kind of a branch of the churches? Do you think that the Christian Democratic Movement [KDH] should spell out its attitude in a much more intense and assertive fashion? Do you think that churches today are threatened by political forces?

[Carnogursky] The KDH is not a branch of any church. The fact is that the KDH has a considerably narrow relationship with many churches, above all, the Catholic Church and the evangelical church, but this relationship is being maintained only because we realize the significance of churches. For centuries, churches maintained the existence of this nation. They have a significant mission at present. Perhaps the role of the churches is even increasing just because, after 40 years of Communist rule, society has awakened to a chaos of ideas and a loss of values. The churches can restore proven values to society. [passage omitted]

[Berko] RUDE PRAVO has allegedly acquired tapes from the deliberations on the composition of the government, on taking up the highest state posts. You took part in them. What do you think about publishing this addition to Ruml's report?

[Carnogursky] The papers usually publish what they think is interesting for the reader. If RUDE PRAVO and PRAVDA published it, they must have thought it interesting for the reader. One part of this tape also contained the recording of my participation in yesterday's deliberations. I must say that this recording is basically correct. Apparently, it was slightly shortened compared to my original address, but it is correct as it stands.

[Berko] Czech Prime Minister Petr Pithart, in a regular interview that was broadcast by Czech and the Slovak radio, touched upon the coexistence of our peoples. What is interesting, however, is that he presented his interview as if Bohemia or Prague still have not made clear what the intentions of the Slovak government are regarding the further existence of one common state. [passage omitted] What is it really like?

[Carnogusky] The Slovak government has made clear its view on one common state. It was formulated in the program statement by the Federal Government, as well as by the Slovak Government, in the sense that in the future integrated Europe, Slovakia wants to have its independent position. But the problem is somewhat different. The problem is that, in fact, the so-called Masaryk's Republic is over, Masaryk's Republic in the sense that the Czech part of the republic was a clear leader of the politics carried out in the republic, for its larger economic, political, and other potential. In view of the fact that the balance of forces between the Czech and

the Slovak republics is being evened out, the Czech Republic is not so much the leader of the entire republic. Slovakia, simply, can talk more about what state-wide politics should be, or what the balance in the republic should be. Slovakia has what it takes to formulate its ideas, not only about the Slovak Republic in the narrow sense of the word, but about the republic as a whole—and Slovakia formulates these ideas. Gradually, possibly, certain new principles of coexistence of Slovaks and Czechs in one state will be created. One of these principles, possibly, might be that each republic will have maximum autonomy in deciding about its own affairs, and the second republic will interfere minimally. The other principle should be that no republic should unite with a third partner against the second republic. That means Slovakia cannot be united with or support anybody else against the Czech Republic, and the other way around. The Czech Republic cannot support any third party against the Slovak Republic. These could be some principles of our future relations. Similar principles might appear in time.

[Berko] Prime Minister Pithart certainly cannot be considered a politician who does not understand the Slovaks. However, as he said, because of his attitude to this question, he lost the trust of many people in Bohemia. Allegedly, is it the intention of Slovak politics, the politics of the current government coalition, for people other than Pithart to appear on the political scene? Is it possible to ascribe such intent to some political forces in Slovakia?

[Carnogursky] I have already said that no republic should interfere into the internal affairs of another republic. It should not interfere at all in the selection of the political representation of the other republic. Now, if I reply to this question, that the Slovak government coalition is interested in Petr Pithart staying, would I harm him or would I not harm him in Bohemia? On the contrary, if I said that the Slovak coalition is not interested in Petr Pithart staying in the post, I also do not know who I would harm and who I would help. I really think it is up to the Czech Republic who is at the head of its government. I must say that I respect Petr Pithart very much. When we talk about open questions we always can find common language.

[Berko] Mr. Prime Minister, thank you for the interview.

Omnipol: Usable Arms Not Transported Via SFRY

AU1308084091 Prague MLADA FRONTA DNES in Czech 8 Aug 91 p 2

["jet"-signed report: "No Usable Weapons Are Involved"]

[Text] Both of the trains carrying Czechoslovak military equipment that were impounded at the Hungarian-Yugoslav border belong to the Omnipol foreign trade enterprise. We reported on the trains, which were discovered by journalists from the Hungarian newspaper NEPSZABADSAG, in yesterday's issue of MLADA FRONTA DNES. The railroad cars, which were dispatched from our country, carry 50 undercarriages of T-55 tanks; the undercarriages are equipped with engines but do not carry any turrets or weapons. Via the Yugoslav port of Ploce, they are to be shipped to a customer in a non-European country (as we were told, the country in question is not involved in any conflict, not even an internal one, and is not included among the so-called terrorist states). The undercarriages are intended for salvage operations and as supporting frameworks for cranes. Fire-fighting equipment can also be mounted on them. According to information imparted by Omnipol officials, the conversion of the bare undercarriages into tanks, if technically at all feasible, would have to be carried out in a specialized arms factory and would take several months. Moreover, neither T-55 tanks nor spares for them are being manufactured any longer. The trains are now on Yugoslav territory, heading for the port of Ploce. They are being guarded by members of the Yugoslav Federal Army for safety reasons. As we were assured, Omnipol avoids the use of Yugoslav territory for the transport of functional weapons, given the present situation in Yugoslavia.

Let us only add that the above information could have been provided on 6 August by the Federal Ministry of Foreign Trade. It is startling that it needlessly allowed international suspicion to be cast on our country that it transports usable weapons across the territory of a civil war-ravaged state.

Antall Remarks on Situation in Yugoslavia

AU1208121291 Budapest MAGYAR NEMZET in Hungarian 10 Aug 91 p 3

[Sandor Illes report: "European Unity And the National Concept"]

[Excerpts] This year, Hungary's Prime Minister Jozsef Antall was awarded the famous Schuman prize in Strasbourg. [passage omitted]

We asked the prime minister to comment on the situation in Yugoslavia, following the recent proclamation of a ceasefire. The prime minister announced that Yugoslavia had arrived at a crossroads. Jozsef Antall commented:

"The question is whether Yugoslavia will find a solution to its internal state order and to its national and national minority relations within the 90-day moratorium. I think that the Hungarian Government has conducted a consistent policy. It was the first to announce in its assessment of Yugoslav policy that the right to national self-determination should be recognized. The Hungarian Government stated that the right to national self-determination could not be selective—i.e. be given to some peoples and not to others. The right to national self-determination is a basic issue that needs to be recognized. Moreover, it is only on the basis of mutual agreements between peoples and nations that we can come to an understanding. We think that for the peoples of Yugoslavia and Europe, the best solution would be the creation of a confederation of sovereign republics, if all the Yugoslav Republics grouped into a democratic and constitutional political system, and if this applied to the republics as well as the autonomous regions. I do not think we made a single statement that was contrary to the Helsinki process, to the Helsinki Final Act, or to the basic principles of the Paris Charter. I am confident that in the aforementioned 90 days, we will be able to come to an agreement with the partner nations and minorities of Yugoslavia, while at the same time respecting the security of Europe, Central Europe, and the Balkans. The events in this region cannot be seen as mere "domestic affairs" if they deal with basic human rights, with the right to national self-determination, and so on, and if an international handling of these rights becomes advisable. This is particularly true because these events burden our whole region from an economic and social point of view, and from the point of view of refugee affairs. The acknowledgement of historical facts is always in harmony with the European security system of political interests," Jozsef Antall concluded.

Walesa, Advisory Committee Discuss Elections

LD1208224491 Warsaw PAP in English 1725 GMT 12 Aug 91

[Text] Warsaw, Aug. 12—Polish President Lech Walesa and his advisory committee met here Monday to discuss the forthcoming elections to the parliament.

The communique issued after the meeting stressed that "the victory of consistently independence-oriented and democratic forces will become one of the fundamental conditions for materializing a vision of the future Polish state." The president agreed there is a need for presenting such a vision to the people.

The committee's member Stefan Kurowski told newsmen after the meeting the committee encouraged the president to clearly support these forces as this would make the political situation much more clear.

Kurowski described the statement that Lech Walesa was a president of all Poles as "unfortunte."

"Walesa is a president of all Poles from the formal point of view but he should not be seen by the public opinion as such from the ideological and political point of view. He is the president of those political groups that elected him and that constitute his political background," he stressed.

Secretary of the committee Wojciech Wlodarczyk denied reports on the alleged resignation of the advisory committee, whereas Andrzej Drzycimski, the president's spokesman, described speculations about personnel changes in the presidential chancellory as "holiday rumours."

Bielecki Reflects on Governmental 'Mistakes'

AU1208114591 Warsaw RZECZPOSPOLITA in Polish 5 Aug 91 p 3

[Interview with Prime Minister Jan Krzysztof Bielecki, by Bozena Wawrzewska and Dariusz Fikus; place and date not given: "The Price Of Hope"]

[Text] [RZECZPOSPOLITA] When you took office last December, it seemed that you would only stay in office until spring, yet you have been in office almost one year. In what way has your philosophy changed?

[Bielecki] My philosophy of governing has not changed. I even feel I could repeat the same things I said in my first interview with you (RZECZPOSPOLITA 8-10 January 1991). Our objective was clear to me from the very beginning. This objective, the reform of our state, is unimpeachable, even if we do encounter difficulties along the way. Even if there are calls for a return to communism or an improved form of socialism, we will continue to insist on democracy and a market economy. If we want to attain the strategic goal of integration into Europe, we must build a strong state with a healthy economy. In our first interview we spoke about various ways of serving the country, and the time that has elapsed since then has proved the correctness of our approach. From the point of view of the election contest and my own interests, April or the beginning of May would have been the best time to quit.

I could have said I was only going to be prime minister for a limited period, and then go back to my family in Gdansk. After all, time has worked to my disadvantage. When we are in the most difficult period of the reforms, I cannot assume my popularity will increase.

[RZECZPOSPOLITA] You are constantly in fourth or fifth place in the popularity ratings. One year ago you would not even have been in 10th place.

[Bielecki] One year ago I would not even have been in 100th place.

[RZECZPOSPOLITA] You started your job with Walesa's blessing. What is the present division of roles between the government and the president?

[Bielecki] The government is governing in accordance with the constitution, but the president has taken upon himself the extremely unenviable function of an umbrella. By that I mean that he clearly supports the government in many difficult situations, he approves the various unconventional and difficult decisions that are made, as a result of which many people direct a wave of criticism at him.

[RZECZPOSPOLITA] Do you sometimes not feel that this umbrella is closing upon you?

[Bielecki] I have no reason to feel that way. In any case, the president demands that one remains at one's post.

[RZECZPOSPOLITA] But do you think he supports your moves?

[Bielecki] He clearly does so in the course of my personal contacts with him, but, more importantly, he also does so in public. He also points out the many difficulties and mistakes that have been made over the past two years. Indeed, one could hold a separate interview on the subject of these mistakes alone.

[RZECZPOSPOLITA] But we would prefer to discuss the successes of your government. The main success seems to be a partial write-off of our debts, but public opinion does not seem to appreciate it. Why? Is it because of too little publicity, or is it because of a failure to realize the seriousness of the economic situation and of the burden of foreign debts?

[Bielecki] In many countries, domestic policy has absolute priority over foreign policy. One can say that at least a few U.S. presidents became presidents thanks to major successes in foreign policy. In Poland it is domestic policy that counts these days, or, to be more exact, the average citizens's standard of living and feeling of security. From this angle, a partial reduction of our debts

only worsens our position because, thanks to the moratorium which Mazowiecki managed to achieve, we are faced with the necessity of servicing the remainder of our debts. So from the point of view of the budget, this is additional expenditure. Reducing debts does not give society any direct advantage, neither today nor tomorrow. Our dilemma is whether we should think only about today, or whether we should also consider the future. Communism, taught us to think only about today. This was a principle followed not just by ordinary citizens but, what is worse, the country's rulers. Survival was all that mattered. Now we are suffering for this way of thinking.

[RZECZPOSPOLITA] Do you think a part of society is of the opinion that debts should not be repaid because we inherited them from the communists?

[Bielecki] It has been said very frequently that the debts are not ours, so let us not pay them. But the world of finance is harsh, and our goal is not just to end the debts, but also gain access to new credits and international financial institutions, and finally to attract foreign capital. We are competing against several dozen countries whose objectives are identical to ours.

[RZECZPOSPOLITA] You said that the West is harsh. The waiving of our debts was subject to certain conditions. Was one of these conditions that we should continue to implement the Balcerowicz plan for at least another three years? Did the IMF state this condition?

[Bielecki] No, I would not say that continuing the Balcerowicz program was one of the conditions for waiving our debts, but such a condition was that we should implement a three-year plan calling for the adoption of many macroeconomic parameters or criteria to guarantee that any Western concessions or support would not go to waste if our public institutions or balance of payments collapsed, which is possible in a country that is trying to adapt to a market economy.

[RZECZPOSPOLITA] Do you not consider that a restraint?

[Bielecki] Perhaps not so much for those who are running the state and economy, but certainly for society, because these guarantees make it necessary to get by with a reduced amount of money at a time when the market is relatively well-stocked with goods. After 45 years of living in the opposite situation, I mean lots of money but no goods on the market, it is difficult to grow accustomed to this. Nevertheless some people, say they prefer the old days, they prefer to have some money and wait in line in order to buy a length of string to use as a shoelace. At least that situation created a certain illusion about equal chances for everyone that one might exploit by means of connections or privileges. But today people have no money, and hence no privileges, and they find that paralyzing. And if we take into account the certain categories of wrongdoing caused by the inefficiency of the peacekeeping forces and the fact that money is becoming an incentive to seek illegal ways of attaining a legal goal, then we see that society's moods are in a very bad state.

[RZECZPOSPOLITA] Exactly, let us talk about society's moods. A few days ago, Peasant Party deputies said in the Sejm that the government had neither an industrial nor an agricultural policy, and the former industry minister confirmed it. Who really formulates policy in Poland?

[Bielecki] First of all I would like to clarify a few things. When we wanted to make a few changes to the state over two years ago, we were able to bandy about a few slogans. But today is the time for action. One can no longer utter empty words and phrases and make vague declarations. Today when I hear people saying: I am in favor of changes, I am in favor of a market economy, but the process of privatization is too rapid," I feel like asking them: How can there be a market economy in a state that is dominated by the public sector? Does a market economy not involve domination by the private sector?

The same applies to the agricultural sector. Is it supposed to consist of merely giving farmers more money just to maintain the present state of affairs, as many farmers expect? One can discuss various ways of helping to restructure the agricultural sector in Poland. One can discuss whether to pay an additional three trillion zlotys in order to improve everyone's standard of living to an equal extent, or whether to do something that is unpopular but nevertheless necessary—to decide who in farming should get this money and who should not.

And if we do decide to whom this money should go, it must go to farmers who want to develop, who want better farms, who want to buy more land, who want to start export production. If we make such a choice, we will be acting against the wishes of all those farmers who expect guarantees that any kind of farming will be profitable, even two hectares of rye, i.e. they expect every farmer to have guaranteed prices for his produce. It seems essential to define the key elements of agricultural policy, and not just accuse us of not having any agricultural policy at all. One can always say that there is some kind of policy, good or bad, but if we discuss the objectives of this policy, then the key issue is to make the right choice and find the resources to implement it.

It is the same with industry. Let me tell you straightaway that we have made a certain mistake concerning industry. We thought the supply capability of state enterprises was unlimited, and yet it turns out that it is virtually nonexistent. There are a few people who support state enterprises at any cost, and have reaped rewards from them. In Lodz I visited a state enterprise that seemed doomed to financial extinction because it was exporting 60 percent of its output to the Soviet Union and 10 percent to what used to be the GDR. Yet this enterprise managed to find a few good business people and expert advisers from the accounting

department of Lodz University, and underwent an economic revival a few months later. News about this enterprise spread, with the result that people from other enterprises come to it asking about job vacancies. But this is a rare case.

The state wanted to pursue a policy vis-a-vis industry in general and the state sector in particular by means of certain instruments. The reaction at the other end was negligible. We should have foreseen that and taken more determined steps. For instance, it would have been useful to establish financial links between one enterprise and another, and also between enterprises and banks. That would have been one step to counter liquidation. But this was never done, with the result that a debtor, with a large number of creditors on his doorstep, lost his credit rating and tried to pass his debts on to the bank with the hope that the bank would write them off.

[RZECZPOSPOLITA] You said that the Polish reforms have reached a difficult stage. What are the difficulties?

[Bielecki] I would say they have reached a very difficult stage, even a critical one. The net national product need not fall very much, we are achieving a surprising stability in macroeconomic terms, the balance of payments may turn out to be slightly plus, interest rates may fall slightly, and the country may begin to reestablish its hard currency reserves, but the key problem is the budget. The budget is burdened with two problems that are mutually irreconcilable; on the one hand great social expectations from the budget sphere, because everyone thinks the state should have enough money; and on the other hand dwindling income earned by the state sector. Many people would like a general solution concerning all enterprises, so that the situation of all enterprises may improve and these enterprises may begin to pay higher wages. Someone has suggested writing off the debts of enterprises. Just because 50 percent of Poland's debts have been written off, that does not mean 50 percent of the debts of enterprises can be written off.

But this is a biased way of thinking. In order to write off the debts of enterprises, they have to be erased in the banking system by means of risk funds or reserve funds. If there are no such funds, one must relieve people of the money they have deposited in bank savings accounts.

Therefore, we are living in the knowledge that a deterioration of the budget loophole may encourage inflation. More than that, we must adhere to principles that are making a difficult situation even more difficult and that have still not been amended by the Sejm, perhaps because of the forthcoming elections or election campaign that is now starting.

What I mean is that the Sejm should amend the law on employment and give an entirely new interpretation to the question of unemployment and unemployment benefits. Some unemployed people only pretend to be unemployed, whereas in fact they are quite prosperous. In Lodz, for example, out of the 75,000 people unemployed, 23,000 are not entitled to receive unemployed benefits, and yet they do receive them. That is a considerable strain on the budget. And secondly, the Sejm should consider the question of pensions.

Last year one part of the pension reform was carried out, but not the second, on account of the election campaign. The result is a very favorable situation from the point of view of the private consumer; it is worth retiring as soon as possible. One can receive a very high pension. Society has not failed to realize that, so that there is a huge number of retirements. Soon we will have far more pensioners than we were expecting. Yet 10 percent of pensioners have scandalously low pensions. Last year's pension law seems to have forgotten them.

Eventually there will be no money to pay all these benefits because the basic social security contribution is not enough to finance such an inflated pension system, to say nothing of the fact that contributions do not reach the budget regularly, that at least another trillion zlotys has to be paid into the pension system, and that this sum will increase. This could lead to the budget's being in an extremely difficult situation when the elections come.

[RZECZPOSPOLITA] Maybe this is a foretaste of the election campaign, but your government is being attacked from all sides, even by the leaders of political parties that are represented in your government. If coalition parties behave this way, is cooperation with them within the government possible? After all, the government must hold a cohesive stance, especially in key issues like the economy.

[Bielecki] This is probably a mistake which has been following me around ever since I took office. The government I formed was meant to be apolitical. It was supposed to be an institution consisting of people who wanted to work for the government out of a desire to help Poland and out of a feeling of responsibility for the country. Now we see it is very difficult to maintain such a desire. As the election campaign gets under way, people's ambitions develop. They all have their own recipes for success.

But where is the dividing line between activity aimed at winning votes for one's party, and activity deliberately aimed at thwarting the government's policies? I think there is a higher cause, and that one must create a clear dividing line between state interests and the interests and the personal and party ambitions of individual politicians. We in the government should set this dividing line. That is one of the reasons why this is the most difficult year.

[RZECZPOSPOLITA] Difficult politically and economically?

[Bielecki] Yes. Politically, one can see what a mistake it was to postpone the parliamentary elections by one year. If we had held the elections last year, we would be in a totally different situation today. It is difficult to say that the Sejm represents major political groups today. We do

not know who represents who or what support he enjoys. The elections are supposed to tell us that.

Today the situation is completely surreal. Inside parliament, the government encounters a phenomenon unheard of in any country with a parliamentary democracy. It is constantly censured by parliament, and has no faction of its own apart from a few adherents who support it for better or for worse.

Some 60 or 70 deputies speaking in the Sejm might criticize the government from every possible angle, but later they will vote for the government's proposals. Why? Because they think it is not worth overthrowing the government just yet, the responsibility would be too great. It is ridiculous that 98 out of 100 deputies taking the floor condemn the government totally, yet no one wants a new government. No-confidence votes are firmly rejected. Things could not be worse.

[RZECZPOSPOLITA] In that case why did you not ask the Sejm for emergency powers?

[Bielecki] For a very simple reason. My objective is not a temporary whim. I genuinely want Poland to have democracy and a market economy. Applying for emergency powers was a kind of cry of despair, because for five moths I have been unable to achieve anything in the Sejm. One important bill, important not so much from the point of view of state restructuring as from the point of view of efficient government, was thrown out by the Sejm. This bill involved cutting the number of jobs in ministries. It failed to get through. Many pieces of legislation have been rejected by the Sejm, thus paralyzing the process of changes in some very important spheres, for instance the tax system. We still have no tax system. What we have is a mixture of various rules that can be altered to suit the financial situation.

But the Sejm has initiated a rapid legislative process, thanks to which six important laws have been adopted, so the problem seems to have solved itself at least for the time being.

[RZECZPOSPOLITA] The Polish reforms are viewed very positively in the West, but not so positively in Poland. Is that because the Poles are bearing the brunt of these reforms, or is it because they fail to appreciate them?

[Bielecki] Unfortunately, I cannot say that our reforms enjoy the same amount of recognition in the West as they did six months ago, or even a couple of months ago. At the Dubrovnik meeting, attended by representatives of international financial institutions, everyone asked me: Are you already abandoning the reform because of social tension? I think the deadlock in talks with the London Club is also part of the wait-and-see policy adopted by the commercial banks. This is making the situation more difficult for us. It is making it more difficult to discuss contracts with the large foreign firms that we are trying to attract to Poland.

We have been unlucky this year. Although there is no need to exaggerate the problem, it does exist. Trade with the Soviet Union has collapsed. It has caused a serious problem in some parts of the country.

The price of oil has risen by over 40 percent. At the same time, the political and economic mistakes of last year have made themselves felt after a considerable delay. Apart from that, none of us knew the price that would have to be paid in order to hope for a better future.

Skubiszewski Returns From Latin American Tour

LD1208201691 Warsaw PAP in English 1825 GMT 12 Aug 91

[Text] Warsaw, Aug. 12—Polish Foreign Minister Krzysztof Skubiszewski returned here Monday from a visit to Brazil, Argentina, Uruguay, Paraguay and Chile paid between July 28 and August 12.

The Polish foreign minister signed 7 agreements, among them, on the protection of investments, prevention of double citizenship, trade and visa-free travel with some of these countries.

Skubiszewski said upon arrival it was a significant and successful visit and stressed that "for the first time ever the Polish foreign minister had paid a visit to Uruguay, Chile and Paraguay."

"These countries are of great economic and trade significance for Poland," he stressed.

Next, the minister said all these countries displayed great interest in the role of president in Poland as well as in the changes taking place in this country and in central Europe.

"There are great possibilities of cooperation, for instance in fishing, with Uruguay, Argentina and Chile. A big Polish-Argentinian company has been already established. We want to sign a fishing agreement with Chile as its waters are rich in fish," Skubiszewski said.

Minister Skubiszewski also said there were possibilities to start new air connections between Poland and countries of that region.

'Art-B' Executive Baksik Wanted by Police

LD1208130891 Warsaw Radio Warszawa Network in Polish 1100 GMT 12 Aug 91

[Text] Boguslaw Baksik, one of the chairmen of the "Art-B Company", is wanted by the police. Grazyna Taladaj, spokeswoman of the Voivodship Prosecutor's Office in Warsaw, let it be known that findings of the investigation carried out in recent days form the basis for issuing the warrant [words indistinct] such decision. [words indistinct] using the state financial resources by the banks and thereby infringing the binding regulations, all of which led to a great loss for the State Treasury.

The Prosecutor's Office charges Baksik of committing a crime of handing material profits, i.e. foreign currencies, at the estimated value of 60 million zlotys to one of the high officials in one of the banks in exchange for actions infringing the law.

Farmers' 'Solidarity' Protest To Start 15 Aug

AU1208121891 Warsaw RZECZPOSPOLITA in Polish 8 Aug 91 p 2

[Ewa K. Czaczkowska report: "Private Farmers' 'Solidarity' Protests"]

[Excerpts] The "Solidarity" Independent, Self-Managing Union of Private Farmers is beginning a protest action on 15 August, whereby bills payable by farmers will be settled in the form of agricultural produce instead of cash. The reason for the protest is difficulties in the procurement of agricultural produce and the government's lack of interest in holding talks on the agricultural situation. This news was revealed by members of the Private Farmers 'Solidarity' Protest Action Committee on 7 August. [passage omitted]

The protest action is meant to cover the entire country. The Protest Action Committee denied that it has anything to do with the parliamentary election campaign. "If we had begun to discuss the difficult agricultural situation one week ago, the suspicion that we are holding the protest to coincide with the election campaign would have been justified," says Piotr Dabrowski, the union's spokesman, "but we have been discussing this situation since January, and the government has refused to hold talks with us."

Over 500 State Enterprises Liquidated

LD1208230291 Warsaw PAP in English 1753 GMT 12 Aug 91

[Text] Warsaw, August 12—"We have begun the liquidation process for over 500 state enterprises, although, to be frank, the ministry is not very clear about what will happen to the enterprises following this decision," Janusz Lewandowski, minister of privatisation, told reporters on Monday.

Lewandowski said that over 250 enterprises, of which half were service businesses, had been liquidated in accordance with the privatisation law. Liquidation in this fashion is the most effective means of transferring ownership to newly-established companies, particularly those linked to workers from the liquidated businesses.

The remaining 250 have been liquidated because of their poor financial health. Their assets are to be sold by way of public auction.

Lewandowski announced that the state treasury will receive some 6 trillion zlotys (528 million dollars) in privatisation receipts during the second half of 1991, compared with 1 trillion zlotys (88 million) in the first half. He said that the ministry currently receives around 20 petitions a week from enterprises requesting liquidation.

Roman Comments on Privatization, Politics

AU1208135191 Bucharest ADEVARUL in Romanian 6 Aug 91 pp 1, 2

[Part one of interview with Prime Minister Petre Roman by Cristian Tudor Popescu; in Bucharest, date not given: "To Achieve Privatization Along With Restructuring—This Is the Idea"]

[Text] [Popescu] Are you tired, Mr. Prime Minister?

[Roman] Yes, but I am used to it.

[Popescu] How was your working day today?

[Roman] Today was a happy day because I finished work at 5:30 p.m. First, I asked to be briefed on the situation in Moldavia—I was immediately told of new floods in Neamt County and of the ensuing destruction of three fish-breeding ponds that had been built without any kind of engineering professionalism.

[Popescu] Is the crack in the Belci dam in any way due to some technical mistake?

[Roman] Yes and no. The high flood exceeded the limits for which the dam was built, but the water was already overflowing over the dam. One could have anticipated it by letting the water seep through, but this would only have postponed the inevitable. As a matter of fact, the dam was clogged with alluvium deposits and no longer even fulfilled its initial flood control role. To let the water flow through, one should have deliberately destroyed the dam. This would have been an intelligent solution. Coming back to your question about my working day, I also examined several government decisions that had already been adopted, but I was not completely satisfied with...

[Popescu] Was the act on consumer protection among them?

[Roman] Yes, I signed it today. Then, there was another important thing: taking over poor concentrates of lead and zinc from the state reserves, for which enterprises in the mining sector were paying interest without any justification. We will try to sell them to foreign companies that possess the necessary enrichment technology, which is too expensive for us... After these consultations came to an end, I read the press summary...

[Popescu] Do you read the press?

[Roman] I do not have time to read the press. Neither do I watch TV a lot, as a working day usually lasts till 0930 to 2200.

[Popescu] Since we are talking about the press, allow me to read to you an excerpt from an article published in ADEVARUL: "The very strict practices of the World Bank and IMF for submitting a contract to free public auction were ignored. Almost 1 million dollars was offered to Coopers and Lybrand from the state budget." Could you please comment on this passage?

[Roman] The information is incorrect, and I regret that you did not check it with informed people. The government spokesman took down all the necessary data and presented a 13-point answer that gives exact details on the procedure adopted, thus proving its legality and correctness. However, no one published this answer, which is tantamount to misleading public opinion. Not even the figure is true—it is much under 1 million. Had we really violated the IMF restrictions, I do not see how the deputy director of that organization could have made his recent positive assessment of our reform process... Therefore, I state that this contract is perfectly legal and correct from the viewpoint of the goals set forth by the Council for Reform, namely to achieve privatization along with restructuring. This is the idea—the rest is technicalities. Concerning the privatization technicalities, we need foreign experts because nobody dealt with that in our country. As far as I am concerned, before announcing the economic program on 28 June 1990, I read this book from cover to cover (the prime minister takes from the shelves a thick book in Spanish entitled "Privatization—Art and Methods," written by a group of authors under the leadership of Edouard Cointreau). It consists of studies of concrete cases: British Columbia, Italy, Great Britain, the United States, Germany, France, Spain, and so on. I realized something quite essential, namely, that once the privatization tactics have been decided upon—in our country, these tactics rely on the transitional strategy worked out by an excellent collective led by Academician Tudorel Postolache—the rest is only a technicality. Therefore, the Privatization Law is only a technical law, since it only shows how to implement privatization.

[Popescu] In the same article, the daily claims that even the implementation of the Privatization Law was entrusted to Coopers and Lybrand, who will be paid several million dollars from the Romanian state budget.

[Roman] No way. This is no longer necessary. Once the law has been endorsed, the state private foundations begin operating independently as financial societies. If these foundations want to call in various people for technical consultations, that is of no concern to the government.

[Popescu] From the IMF?

[Roman] Yes, from the IMF, from the EBRD [European Bank for Reconstruction and Development], and from the PHARE [Economic Reconstruction Aid for Poland and Hungary] program group—well, this assistance is money that we receive anyway, and we decided that this money should no longer be given directly to the foundations, but rather to the National Privatization Agency that will distribute it. (Who will check on the people from the agency? I should ask the prime minister about that, but it is pointless: at the end of any chain of laws and institutions, one will always come to people.)

[Popescu] Before meeting with you, I thought it advisable to make first contact with you through the impact

you have made on other people—like in the movie "Citizen Kane." So, the best people to approach were your former students. I will list some of their comments: Intelligent, arrogant, distant, always elegant. "A cool fish," is something that comes up quite often. Your nickname was "Made in France." I am going to quote another statement: "Petre explains something once; very seldom a second time; and never a third time." Do you recognize yourself in this portrait?

[Roman] Not really. I think that everything depends on the way in which I understood my job as professor, about which I learned a lot from Academicians Mitu Dumitrescu and Dorin Pavel. You see, I have built my career through a lot of hard work, and I had this feeling that I could not overcome, namely to despise those who do not want to make the effort to understand. Just take my lectures—I do not think you will find any mistakes or careless assertions in them. What is more, I have always guided myself by an outstanding idea imparted to me by Academician Mitu Dumitrescu, who said the best knowledge you convey to students is from areas to which you have made original contributions as a researcher. Well, after my strenuous efforts to address myself to an ideal student, so to say, who was not very easy to find in the lecture hall, my disappointment probably led to the aforementioned severity, coolness, and maybe that appearance of arrogance. However, I also had satisfaction with students who understood how to get along with me. It is only now that my lectures begin to be considered as basic ones, since, at that time, they were thought to be "too mathematical" or referring to "nonmainstream" fields, such as the "physics of fluid pollution." In some sections of the Polytechnic Institute, there is a certain fear of mathematics that is rather bad. Look, here is my last handwritten lecture, almost 200 pages....

[Popescu] Let us take an abrupt turn back to politics. In my opinion, you are an outstanding politician. The problem is that you were from the very start. That is, in that December evening—when you were taken by surprise and directly questioned by the French journalist who shot the film of the head of the 5th Directorate entering the Central Committee cabinet that was filled with revolutionaries at the time—you managed to fend off his questions with a speed and precision that baffled me, as this was not really to be expected from a university professor specialized in the mechanics of fluids, who had just entered politics a few days previously....

[Roman] Yes... Well, let us say that I had a certain education and practice that, however, are far from what you imagine they are. As you know, I am the son of a political figure. Even as a small child, I registered the shocks of vile and foul politics: My father was arrested and interrogated twice, in 1951 and 1953. I was always careful not to be left out of or behind in politics; I always tried to understand exactly the evolution of events, as happened in 1971-72, when I became aware of the direction we were taking. This should cover the part dealing with my political education. As for practice, it started during the years I spent in Toulouse for my doctorate studies. I got there immediately after 1968. The effervescence of student political debates was extraordinary. It was then that I was forced, for the first time, to practice politics. The episode you are referring to was a spontaneous and violent reaction—I immediately realized that I was faced with a situation that the French call "monter un coup" ["to stage a coup"]—based on long-standing rigorous thinking. For the first time then, in my new capacity, I proved something that is a common feature of mine: I am most proficient at times of maximum tension.

[Popescu] Since you mentioned your father, Valter Roman.... In his book "Under Spain's Skies—The Knights of Hope," he writes the following: "Better to err together with the party, than to be proven right against it." Does this also apply to the FSN [National Salvation Front]?

[Roman] First of all, if you look at the context, you realize that the aforementioned sentence is dubious, something like "is it, or is it not so?"

[Popescu] Well, now I am also asking you if this is or is not so, in the case of the FSN?

[Roman] Let us take the party in general, not the FSN. (Here, I do understand the prime minister—the particularization is rather tricky.) It is important for a party that what it endorses as its political line should have a certain continuity and consistency with the initial ideas that made the people put their trust in it. However, it is quite a long way from here to the well-known Stalinist formula. The reason for the communist disaster was the break between the idea of the party and what it stood for. After all, what was that party?

[Popescu] Indeed, what was it?

[Roman] A dictator and a few lackeys.

[Popescu] The word "lackey" brings to mind Noica's [Romanian historian] saying: "Politicians are the lackeys of history."

[Roman] I did not know he made that remark. It sounds nice and ugly at the same time. I do not like the word "lackey," which is so opposed to my most profound belief in dignity that it bothers me. On the other hand, it is true that politicians, apart from their role as followers of history, also play the role of servants of history...

[Popescu] What about their role as creators of history?

[Roman] Yes, also creators, but only when they represent the will of those who made them what they are.

[Popescu] I would like you to listen to my following summing up: Immediately after 22 December 1989, Mr. Al. Paleologu, outstanding essayist without diplomatic experience, is appointed ambassador to France. Now, Mr. Anton Vatasescu is sent there, an expert in technologies without diplomatic experience. Another case, that has no connection with the first two, is Nicolae Olteanu,

general secretary of the government, who is appointed ambassador to Ecuador, although ADEVARUL supplied enough data to cast doubts on his honesty. Gelu Voican, geologist, theologian-philosopher, and senator without diplomatic experience is appointed to Senegal. I would like to ask you: Is not the position of ambassador very important for projecting a country's image in the world? Does it not require a special kind of skill? Why should people who come from other spheres of activity—where, for various reasons, they can no longer cope with their responsibilities—be made ambassadors?

[Roman] Yes, I will tell you precisely my opinion on that. (It is for the first time that the prime minister begins his answer with such a statement, something that makes me become circumspect.) The most important thing after the 22 December 1989 events was to change Romania's image abroad—something that we managed to accomplish only partially. Mr. Paleologu was appointed because he represented both opening and cultural quality that could have contributed to creating that new image. Mr. Vatasescu's appointment is in keeping with what is needed today, particularly for the diplomacy of a country like Romania, namely, success in the launching of as many economic projects as possible. I assure you that Mr. Vatasescu is most successful in this respect. Of course, there is such a profession as a diplomat but not necessarily as an ambassador. The latter is the representative of a country's president; therefore, he projects a country's image. For this, it is not obligatory that an ambassador be a career diplomat. Most of the ambassadors from countries that have enjoyed long periods of democratic stability are career diplomats. We also had such people who helped a lot to project a good image abroad and stimulate economic relations. But let us return to the concrete cases you mentioned. The case of Nicolae Olteanu: Possibly spurred by the ADEVARUL daily, we, that is the government's general secretariat, opened an inquiry into the abuses or... I do not know what this is all about... but, as far as I am concerned, as I believe that you all know, I am merciless in such cases. I appointed him ambassador to Ecuador because, having ended his job as general secretary of the government—that is, given the relationship between his capabilities and my demands on him, I hope you understand what I am driving at—this move was not so much a way out, but rather a necessity because I found a man, a lawyer, with a certain amount of energy that I thought he could develop, in an area where we were just starting and had no career diplomat to represent us there. Moreover, he also had knowledge that could be of use to him in the job.

[Popescu] In the meantime, is the inquiry continuing?

[Roman] Yes, absolutely.

[Popescu] (Although he did not recant, this is his most vulnerable answer so far; it could be easily attacked. How can a man who is the subject of an inquiry be made ambassador? If he were to be arrested, he may easily flee! Could one not have found a better man for that position other than the questionable Mr. Olteanu? However, there is no point in further irritating my interviewee just to find out something I am already convinced of, namely, that the Olteanu affair stinks.)

[Roman] As far as Gelu Voican is concerned, he confessed to great psychological fatigue and expressed his desire for a post abroad. I take this opportunity to tell you that I consider Gelu Voican one of the purest revolutionaries since 22 December 1989. His propensity for the mysterious and esoteric does not affect this purity. I consider him a man close to my soul and mind, and if such a desire comes from a man who also fulfills all the other necessary conditions, I do not see anything wrong in this appointment. (This is a first time ever from the prime minister: For the first time in the Romanian mass media somebody speaks well of Mr. Voican. Another thing: If there are purest revolutionaries, it just follows that there are others of lesser purity.)

[Popescu] In Crans Montana, you told some journalists, I quote: "I am ready to make it possible to ban magazines that are racist, chauvinist, nationalist, and so on." Is that true?

[Roman] Yes. As of now, or better, as of last week, we have a law that allows us to do that. I am referring to the Law on National Security, whose last article, if I am not mistaken, makes reference to this very issue: incitement to racial hatred, chauvinism, nationalism, irredentism, fascism, anti-Semitism. The Prosecutor's Office should take the necessary steps on the basis of the law.

[Popescu] Therefore, the magazines EUROPA, ROMANIA MARE...?

[Roman] They can be suspended. (With this statement, the thin layer of vested interest that kept ROMANIA MARE from attacking the prime minister has disintegrated.) One should also add, since there is no need for political maneuvers, that there is a magazine called EUROPA that is lower than the lowest; but there are also TROMF or VALOSZAG [Hungarian-language magazines] that also fall short of all democratic standards; hence, they are also likely candidates for suspension. They render no service whatsoever—on the contrary—to Romanian citizens of Hungarian origin of whom the great majority, I am still optimistic in this respect, sincerely share the sorrows and joys of the whole country.

Federal

Federal Parliament Facing Obstructions

LD1208220591 Belgrade TANJUG in English 2057 GMT 12 Aug 91

[Text] Skopje, Aug 12 (TANJUG)—The top officials of the Yugoslav parliament today said that the federal parliament was facing obstruction which might jeopardize the work of the other federal bodies and the very constitutional system of Yugoslavia.

President of the Yugoslav parliament Slobodan Gligorijevic and President of the Federal Chamber of the bicameral federal parliament Bogdana Glumac-Levakov made the statement in a talk with officials of the parliament of the Yugoslav Republic of Macedonia in the republican capital of Skopje.

Gligorijevic and Glumac-Levakov said that the fact that the delegations of the Yugoslav republics of Croatia and Slovenia have walked out of the federal parliament had prevented this body from taking decisions necessary for a normal functioning of the credit and monetary system, ratification of international agreements and other functions of the state.

In their talk with the officials of the Macedonian parliament, Gligorijevic and Glumac-Levakov said it was necessary to immediately define the conditions necessary for opening talks on a peaceful settlement of the Yugoslav crisis, says a statement released after the talk.

Increased Forces Reported Near Albanian Border

AU1208190691 Tirana Radio Tirana Network in Albanian 1800 GMT 12 Aug 91

[Text] A statement by the Kosovo Democratic Alliance in the village of Kushlin in the region of Has reports that the number of Serbian reservist and Yugoslav Army forces has been greatly increased in this area near the Albanian border. The inhabitants of Has are asked to keep their eyes peeled and to organize their self- defense. An appeal is also issued to citizens of Albania to avoid the border area and not to cross the border.

450 Military Vehicles Head for Belgrade 10-11 Aug

LD1208114491 Zagreb Radio Croatia Network in Serbo-Croatian 1100 GMT 12 Aug 91

[Text] Between Saturday morning [10 August] and last night—a period of 60 hours—an assortment of more than 450 military vehicles with military equipment passed by Zupanja on the highway heading for Belgrade from the direction of Zagreb.

Militia Raids in Kosovo Reported

AU1208133491 Zagreb Radio Croatia in Albanian 2030 GMT 11 Aug 91

[Text] Between 0200 and dawn yesterday, many gunshots were heard in Podujevo and its vicinity. In the morning, the Serbian militia totally surrounded the houses of the (?Visoka) families. One house was ransacked, under the pretext that shots had been fired from it at the militia patrol near the gas station at the entrance to Podujevo. In this operation, dogs trained to detect weapons assisted the militia.

Meanwhile, on 6 August in Skenderaj [Srbica], the Serbian militia beat and manhandled Arben Dodaj from Krusheve, who was staying with his cousin Ylber, and on the following day beat Afrim Sylejmani from Kline e Poshtme, because these two young men had been to Vinkovci. The Serbian militia were interested to know whether they had fought against Serbs during their stay in Croatia.

Army Withdraws From Northwestern Slovenia

AU1208143391 Ljubljana Radio Slovenia Network in Slovene 1100 GMT 12 Aug 91

[Text] After transporting 18 railroad cars of military equipment from Bohinjska Bela barracks last week, the Yugoslav Army is currently preparing a larger military transport operation from Kranj railroad station.

Thirty cars carrying equipment and materiel from Kranj barracks are expected to depart on 14 August. However, this is only a tenth of what the Army plans to remove from Kranj barracks before September. In order to vacate the biggest Army barracks in Gorenjska region before September, the Army would have to drive its equipment away almost daily. We have also learned that the Kranj [Yugoslav Army] command is demanding that Pokljuka barracks are returned to them before they drive away the goods.

Army To Evacuate Slovenska Bistrica by 14 Aug

AU1208150891 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 12 Aug 91

[Text] The Yugoslav Army is also leaving the Slovenska Bistrica commune. Our authorities will take over the first of their installations tomorrow.

The regional Headquarters of the Territorial Defense informed us that [territorials] will take over the premises in Loznica tomorrow. Before its aggression in Slovenia, the Army used them to store explosives and mines. Tomorrow they will also take over the Army warehouse and land in Brinje and 20 hectares of land in Cresnjevec, that until recently served as a parade ground.

It has been announced by the Slovenska Bistrica barracks that all military installations in the commune will

be taken over by Slovene authorities by 14 August. It has also been announced that these installations will be evacuated by Wednesday.

Troops Kill Albanian From Kosovo at Border

AU1208200491 Belgrade RTV Sat TV in Serbo-Croatian 1730 GMT 12 Aug 91

[Milivoje Mihajlovic report]

[Excerpt] One Albanian from Kosovo was killed and another Albanian from Albania was wounded during their attempts to illegally enter Yugoslavia in the Junik mountain region near Djakovica. They ignored the warning by border guards to stop and the soldiers opened fire. After that, while the Army was securing the area, someone fired at them from the darkness. Two hand grenades were thrown at them. None of our border guards was injured. The attackers ran away only when the border guards returned fire in earnest. The military authorities have not officially said anything about this incident. [passage omitted]

49 Cease-Fire Violations in Croatia Since 7 Aug

LD1208221491 Belgrade TANJUG in English 2027 GMT 12 Aug 91

[Text] Zagreb, August 12 (TANJUG)—The Interior Ministry of Croatia said on Monday that four persons were killed and five wounded in the past two days in the republic's crisis areas, where a ceasefire declared by the Presidency of Yugoslavia went into effect last Wednesday.

A member of the Interior Ministry, two civilians and a "terrorist" were killed and five Croatian policemen wounded, the announcement said.

Authorities in Croatia describe as terrorists the Serbs in armed groups which fight against the republic's armed formations.

The announcement claimed that 49 "serious violations" of the cease-fire have occurred since August 7, the day it became effective.

It also said that 117 policemen and 39 civilians were killed and (?87) policemen and 122 civilians wounded in armed clashes in Croatia over the past year.

Member of the Croatian Supreme State Council Slavko Degoricija told reporters that the cease-fire "is not being observed."

According to Degoricija, effective control of the cease-fire has not been established because the presidency's state commission did not form patrols and bodies for its supervision.

He expressed hope that an accord to form patrols will be reached in talks with members of the state commission who should go in Zagreb after consultations in Belgrade.'

Member of the commission, Vice President of the Yugoslav Assembly Irfan Ajanovic confirmed today that the cease-fire had not been observed. It cannot be said who violated it first, because there are no official observers to supervise it, he said.

According to Ajanovic's information, six persons were killed and a number wounded since the cease-fire went into effect.

Cease-Fire 'Not Being Observed' in Slavonia

AU1208142491 Belgrade Radio Belgrade Network in Serbo-Croatian 1300 GMT 12 Aug 91

[Radovan Brankov report]

[Excerpt] The cease-fire is not being observed in Slavonia. A few minutes ago I spoke to the inhabitants of the village of Tenja. I learned that fighting in Tenja started about 0200 and lasted until this morning. Some shooting also took place in Beli Manastir.

In liberated Dalj, every house is being checked. Cellars are being searched, and the brick kiln is being watched all the time. Members of the Croatian Secretariat for Internal Affairs, the defeated attackers of the new democracy, and the Guard are hiding in abandoned field houses. They remain active. Yesterday afternoon they attacked a patrol of the Yugoslav People's Army near Erdut in an attempt to flee over the bridge near (?Bogojevo). Six members of the Guard were victims of this (?cruel) attack. [passage omitted]

Cease-Fire Violations in Vukovar Area Cited

AU1208144191 Belgrade Radio Belgrade Network in Serbo-Croatian 1300 GMT 12 Aug 91

[Text] Explosions are still being heard in the Vukovar area. Mirko Stankovic reports.

[Stankovic] Just when you thought that Vukovar would have another peaceful night, two powerful explosions were heard at brief intervals; they destroyed one jeep and one car.

An unknown individual threw an explosive device in Djakovo last night, destroying Bistro 13, while in Beli Manastir two policemen were again attacked by armed men. There is no report on whether anyone was hurt in this attack. There was also a brief exchange of mortar fire between the old and new parts Tenja. There was damage to property and possibly injuries; we have no information on that.

The Croatian defense minister visited Vukovar yesterday. Discussing the plans for defense, he said, among other things, that this area must be provided with greater defense against possible attacks.

Serbian villages, particularly the ones in this area, such as Borovo Selo, Mirkovci, Dalj and some others are getting help almost every day from Serbia, Bosnia and Hercegovina, and Montenegro. Thus 11 truckloads of food and other necessities arrived in Dalj yesterday; they were sent by the district associations of Crnjelovo and Dragaljevac near Bijeljina. The city residents were profoundly touched by this gesture as they realized once again that they were not alone.

Cease-Fire Official 'Moderately Optimistic'

LD1208190291 Belgrade TANJUG Domestic Service in Serbo-Croatian 1726 GMT 12 Aug 91

[Excerpts] Belgrade, 12 Aug (TANJUG)—The cease-fire was not observed in the past two days, Irfan Ajanovic, member of the cease- fire commission, said at this afternoon's press conference.

Armed clashes occurred, as well as sporadic firing and bomb blasts, he said, and added that cease-fire violations are not serious, because they are just small-scale incidents and not organized large-scale clashes.

Incidents occurred in Glina, Kostajnica, Petrinja, Podravska Slatina, Bacug, Cakovec, and Stara and Nova Tenja. Eight explosions were recorded in Dalmatia; five occurred in a house belonging to a dentist. Members of the National Guard Corps have been arming themselves and mobilizing people in the Split and Vrbovac areas. Provocations and attacks on the Yugoslav People's Army [YPA] continue, Ajanovic said. Six people died and several have been wounded in all recorded incidents.

Asked who was first to breach the cease-fire, Ajanovic said that the commission does not have official observers everywhere, so it cannot say who did it. The commission received information about incidents from the YPA headquarters.

The commission takes the view that those who violate the cease- fire should not be named, unless breaches are frequent, Ajanovic said, noting that the SFRY Presidency and the commission must operate only on confirmed reports.

Ajanovic assessed that the exchange of prisoners is behind the schedule. The exchange of 70 to 80 people, announced for today, did not occur. He cited as the reason for this "the fact that the Serbian side was not able to fulfill all its obligations in one day." Mutual distrust is also a factor.

The member of the state cease-fire commission explained that one problem is that prisoners are being held in several places. Ajanovic expressed hope that difficulties will be eliminated in the course of today and tomorrow, after which an exchange can take place. The situation also hinders new arrests, he said. [sentence as received] [passage omitted]

Ajanovic also said that the commission has received differing reports about the number of casualties in Dalj. According to Croatian sources, about 60 people died in clashes, and according to Serbian sources, about 50, Ajanovic said. [passage omitted]

Asked to comment on army deployment in crisis areas which the commission visited, Ajanovic said that "the YPA is carrying out its duties in line with the constitution and the SFRY Presidency's decisions". According to him, members of the state commission were warmly greeted by the YPA. We are now convinced that the YPA is treating equally the Croatian and Serbian population, and he cited an example of water supply to areas previously without water.

Asked whether peace has any chance, Ajanovic said that he is moderately optimistic. After everything that has happened in the country, if we manage to get our observer groups to crisis-ridden areas, then optimism would be justified, Irfan Ajanovic said.

Cease-Fire Violations Cited in Topusko

LD1308085391 Zagreb Radio Croatia Network in Serbo-Croatian 0830 GMT 13 Aug 91

[Report from Karlovac by Davor Matijasic]

[Excerpt] The cease-fire is still not being respected in Topusko, journalists were told today at the regular news conference in the police administration of the Karlovac Ministry of Internal Affairs [MUP]. Last night terrorists fired on the positions of the forces of the MUP and the National Guard Corps using light automatic weapons. This morning at 0500 they opened a fierce barrage of mortar fire. There were no injured or killed. [passage omitted]

Markovic Holds Talks With Slovenia's Peterle

• Programs Discussed

AU1208153691 Belgrade Radio Belgrade Network in Serbo-Croatian 1300 GMT 12 Aug 91

[Text] Dear listeners, Ante Markovic, president of the Federal Executive Council, and Lojze Peterle, president of the Slovene Executive Council, and their assistants met in Ljubljana around noon to discuss issues concerning the implementation of the Brioni Declaration and ways of overcoming problems during the moratorium. Relja Atanasijevic reports from Ljubljana:

[Atansijevic] The talks started with somewhat raised voices and strained relations. The Slovene side proposed that they discuss the 28-point draft agreement with Markovic's government that deals with the economy, credit-monetary system, trade, implementation of international agreements, payments operations in Yugoslavia, and so forth.

Ante Markovic favored his program known as Eleven Plus Three. According to the first rather meager briefing by a representative of the Slovene Government, the vice president of the Federal Executive Council, [Aleksandar]

Mitrovic, said that Slovenia did not observe the Brioni Declaration. Peterle responded by saying that this was not true and that the international commission has expressed a positive view on Slovenia's conduct.

Ante Markovic stressed that it was not important whether they discuss a formal [word indistinct] agreement during the talks in Ljubljana or a document that is formulated differently. What is important is to reach an agreement on the content of the points proposed by both sides.

At the second briefing, a representative of the Slovene Government told the few journalists present, as if offering a few drops of lemonade on a 90-degree day, to put it metaphorically, that the talks between the representatives of the Federal Executive Council and the Slovene Executive Council are continuing in a somewhat calmer atmosphere and that the focus is on monetary policy.

If the points on the agenda proposed by both sides are added up, it appears that there are about 42 points. It is difficult to say which point on the agenda is presently under discussion.

Monetary Agreement

LD1208161591 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 12 Aug 91

[Text] Talks between delegations of the federal government headed by Ante Markovic and the Slovene government headed by Premier Lojze Paterle were held in Ljubljana today. Slovene government spokesman (Janez Ljubelj) told HINA [Croatian news agency] that the two delegations had reached an agreement regarding the functioning of the monetary system in the transition period. A conclusion is also being prepared which would enable the re-inclusion of the National Bank of Slovenia into the Yugoslav monetary system, from which it has been excluded since the adoption of the independence declaration. However, they did not reach an agreement on customs.

Talks 'Unsuccessful'

LD1208184591 Belgrade TANJUG Domestic Service in Serbo-Croatian 1826 GMT 12 Aug 91

[Text] Ljubljana, 12 Aug (TANJUG)—Federal Executive Council [FEC] President Ante Markovic and Slovene Premier Lojze Peterle have agreed in a statement issued this evening that today's talks between their two delegations were unsuccessful.

FEC President Ante Markovic said in a statement that [a delegation of] the FEC came to Ljubljana with concrete proposals for obligations under the Brioni accord. According to Markovic, the Slovene government does not have a clear stand on this and must develop one.

Lojze Peterle reiterated that the Slovene government stands by its proposed 28-point draft agreement and that other issues are outside its powers, which means that they must be resolved within the framework of both republican and federal assemblies and presidencies.

'Discord' Reported

LD1208191791 Belgrade TANJUG Domestic Service in Serbo-Croatian 1736 GMT 12 Aug 91

[Text] Ljubljana, 12 August (TANJUG)—Delegations of the Federal and the Slovene Executive Councils, respectively headed by Ante Markovic and Lojze Peterle, met in Ljubljana today.

According to a statement from Slovene government spokesman Janez Prezelj, right at the beginning of the talks Ante Markovic rejected a proposal to discuss a Slovene draft agreement on the implementation of conclusions stemming from the Brioni declaration, with which Slovenia wants to define mutual obligations for overcoming the situation that has arisen.

The reason for the discord lies in the fact that Slovenia is persisting in considering 26 June, or, at the latest, the day when the Brioni declaration was signed, as the beginning of the moratorium, while Markovic is saying that the date of the beginning of the moratorium is yet to be established through talks.

According to a statement from the Slovene government spokesman, the talks between the two delegations lasted six hours. The discussion focused on again including Slovenia into the monetary system, foreign currency system, the system of payment, goods reserves, the Slovene border regime, and customs.

The Slovene delegation refuted Markovic's allegation that since the Yugoslav People's Army left there has been chaos along borders, and they substantiated this with concrete figures. The discussion stumbled when the issue of customs was raised. The delegations of the Federal Executive Council and the Slovene government reached an agreement that the Slovene government should make public its decision on this issue, which is very important for the federation, by the end of this week.

The federal government delegation comprised Ante Markovic, Aleksandar Mitrovic, Vlado Kambovski, Branimir Zekan, Nena Pecar-Sindjic, Radoslav Sekulic, Branko Dragas, and Vukasin Markovic; the Slovene delegation comprised Lojze Peterle, Andrej Ocvirk, France Arhar, Lojze Janko, Dusan Sesok, Vojko Ravbar, Alenka Markic, Rajko Pirnat, Igor Omerza, Marjan Kranjc, and Boris Pleskovic.

Markovic, Peterle Assessment

AU1308115691 Ljubljana Radio Slovenia Network in Slovene 1700 GMT 13 Aug 91

[Text] After their meeting, Prime Ministers Lojze Peterle and Ante Markovic made statements for Slovene Television. The question posed to Ante Markovic was how

the Federal Executive Council [FEC] understood the (?28-point) agreement that the Slovene Government proposed today:

[Begin Markovic recording in Serbo-Croatian] You know, the FEC put forward ways in which the system in the country is to function during the moratorium. The FEC also proposed an agreement that would be signed by all republics and the federal institutions. We are visiting all the republics. We are in fact talking about how to ensure the functioning of the system. On today's agenda we had the questions that lie between the proposals made by the Slovene Government as an agreement between the Slovene Government and the FEC and the agreement proposed by the FEC for all the protagonists in Yugoslavia. We think that the system cannot function partially. It must function as a whole or it will not be able to function.

Seen from this point of view, our warnings, our fears in fact come to the surface again. We had this fear when we visited Slovenia before and when I spoke in the Slovene Assembly, when I warned that unilateral acts cannot and must not be adopted and that they will have consequences.

Today, we spoke about the Yugoslav market, the payments system, the monetary and foreign exchange systems, customs duties, the border, about the regime on the border, and air traffic. We talked about the budget and revenue and I must say, as far as we are concerned, we, as the FEC, came with the intention of finding a solution. We have assumed all the obligations that we are supposed to assume. The Slovene Government has not assumed any obligations, but said that it will discuss them at a government session.

Adhering to the Brioni agreements from the point of view of implementing the customs system is a special issue. The Slovene Government makes the implementation of the agreement conditional on the solution of other issues. This means the total violation of the Brioni agreement. We could therefore say that we did not agree on anything because everything is still open as regards the Slovene side. As far as we are concerned, we agreed that Slovenia and the National Bank of Slovenia will become part of the monetary and the foreign exchange system. We are assuming responsibility for the payments system. We demand the functioning of the commodity reserves system, we are assuming responsibility for it. We also demand the functioning of all other elements of the system, including compensation in cases where somebody usurped rights and confiscated somebody else's property, or confiscated somebody else's goods.

I want to say that we are assuming responsibility for regulating all the points that we discussed. The Slovene Government must still discuss this at its session, including even issues concerning the inclusion in the monetary and the foreign exchange systems. A solution was found today as to how to (?convince) them.

The most contentious issue is still the border, the functioning of the system and the regime at the border, and customs duties, which Slovenia persistently fails to pay. [end recording]

This is how FEC President Ante Markovic assessed the talks. Let us now listen to the commentary by Slovene Prime Minister Lojze Peterle:

[Begin Peterle recording] It took a long time before we actually established what to discuss and how to discuss it. Our side insisted that we talk about the draft agreement, that is, the proposed agreement that (?we) prepared for this meeting, and with which the FEC has been familiar for a while. The proposal included specific matters that arise as a result of the implementation of the Brioni Declaration during this period of suspension, that is, during the moratorium. Mr. Markovic, of course, insisted upon his points for the functioning of the country in the transitional period that he offered to the SFRY Presidency. It goes without doubt that the competences contained here [in the FEC points] exceed the FEC's competences. We proposed that the Presidencies, that is to say, the Federal Presidency, resolve this, and that we not decide about this at the government level.

At the end we finally succeeded in discussing the key points concerning our communal life, but we did not find much in common. The problems started with understanding of what the moratorium, that is to say, the deadline of the moratorium, means. The FEC president insisted that the moratorium has not begun yet, but will only begin when we agree on certain matters. In connection with this, there were many problems with interpretation of the provision about the customs duties. In this matter, the FEC absolutely wants to go back to the time before 26 June. However, in our opinion this cannot be substantiated with the Brioni Declaration, as it is clearly stated in the declaration that Slovene customs officers, that is to say, the officials of the Slovene Customs, are the ones who perform these duties. Therefore, for the time being this matter has not been resolved yet. We nevertheless decided to again examine the entire Brioni Declaration and its implementation in the government. We will inform the FEC about our view on what has been realized and what has not, and also why not.

The issue of the monetary and foreign currency system has been singled out again, as well as the issue of air space. It appears that we will be able to agree as regards the monetary system, but it will be more difficult as regards air traffic. The federal authorities do not permit flights below 6,000 m that is to say, below 7,000 m and by doing so continues to harm Slovenia. We do not acknowledge the reasons put forward for the prohibition of flying in other parts of the country. The situation is different in Slovenia, but it appears that this problem will not be resolved for quite some time. [end recording]

Tripartite Meeting Issues Document on Future

LD1208163791 Belgrade TANJUG Domestic Service in Serbo-Croatian 1415 GMT 12 Aug 91

[Text] Belgrade, 12 Aug (Tanjug)—A document entitled, An initiative for a peaceful and democratic solution of the Yugoslav crisis and adoption of a new Yugoslav Constitution, was approved during the Belgrade meeting today of the top representatives of Bosnia and Hercegovina, Montenegro, and Serbia. The integral version of the adopted text is as follows :

Throughout the Yugoslav crisis no decisions have been made or proclaimed with regard to secession or independence from Yugoslavia in Bosnia and Hercegovina, Serbia, and Montenegro, which confirms the joint historic interest of the people and citizens living in these republics. Proceeding from this fact the representatives of the top organs in these republics, during their meeting in Belgrade on 12 August 1991, on the basis of the talks held so far between the representatives of the republics, and the proposal put forward by the presidents of the republics of Serbia and Montenegro during the Kranj meeting of the presidents of the republics, the Izetbegovic- Gligorov platform and of the Muslim-Serbian accord submit a joint initiative for a peaceful and democratic solution of the Yugoslav crisis and for the adoption of a new Yugoslav constitution.

1. Yugoslavia must be preserved and organized as a joint state of equal republics and nations, based on their joint interests. Its historic justification and conditions for successful development have been confirmed. The parties submitting this initiative are confident that the preservation of Yugoslavia is a condition for a peaceful and democratic solution of the crisis.

2. The nations and citizens in the republics independently fulfil their interests, and their joint interest is fulfilled on an equal footing in Yugoslavia as their joint state.

3. Relations between nations and republics within Yugoslavia will be defined by the Yugoslav Consitution, which should be based on the equality of republics and nations, the highest degree of political and social freedoms and citizens' rights, the multi-party parliamentary system, market economoy and guarantees, and freedom and equality of all forms of ownership.

The joint interests of equal republics and nations of Yugoslavia exist in the following relations:

A. Human freedoms and rights;

B. a single market and monetary systems;

C. foreign affairs;

D. the defense and security of the country with unified armed forces.

These interests should be realized through the following bodies of Yugoslavia:

A. An Assembly of Yugoslavia as a bicameral legislative body in which the interests of nations, republics, and citizens of Yugoslavia are represented;

B. executive bodies;

C. judicial bodies of Yugoslavia which will effectively secure the implementation and protection of equality of republics, nations, and citizens.

4. The proposers of this initiative are convinced that it is the interest and the will of the people and citizens of Bosnia and Hercegovina, Serbia, and Montenegro that other republics and all Yugoslav nations continue to live in Yugoslavia as a single state on the presented bases. Hence we are sending this initiative to the top bodies of all republics in Yugoslavia, to the SFRY Presidency, and the SFRY Assembly.

5. The presidents of assemblies will inform republican assemblies about this initiative, and all participants have agreed that work on its implementation should be continued with a view to adopting a new constitution of Yugoslavia in the Yugoslav Assembly, on the basis of a joint proposal of the republican assemblies.

The adopted document was signed by Slobodan Milosevic, president of the Republic of Serbia; Momir Bulatovic, president of the Presidency of the Republic of Montenegro; Aleksandar Bakocevic, president of the People's Assembly of Serbia; Momcilo Krajisnik, president of the Assembly of the Socialist Republic of Bosnia and Hercegovina; and Risto Vukcevic, president of the Assembly of Montenegro.

Preserving SFRY Stressed

LD1208165891 Belgrade TANJUG Domestic Service in Serbo-Croatian 1614 GMT 12 Aug 91

[Text] Belgrade,12th August (Tanjug)—During their news conference in Belgrade today, the assembly presidents of Serbia, Montenegro and Bosnia-Hercegovina, respectively Aleksandar Bakocevic, Risto Vukcevic and Momcilo Krajisnik, made the assessment that the preservation of Yugoslavia is a condition for a peaceful resolution of the Yugoslav crisis and that the adoption of a new Yugoslav constitution must be tackled.

During the meeting with the journalists and in the joint initiative which—in addition to Bakocevic, Vukcevic and Krajisnik—was also signed by Slobodan Milosevic, President of the Republic of Serbia, and by Momir Bulatovic, President of the Montenegrin Presidency, the future Yugoslav community was not described either as a federation or as a confederation, but as a joint state of equal republics and nations which, it was explained, should be organized on the pattern of modern European states.

In his introductory remarks during the press conference, Aleksandar Bakocevic said that the participants in the meeting today, which was held in Belgrade at Slobodan Milosevic's initiative, were unanimous; and, having

recalled that nothing will be foisted on anyone,he added that the initiative was open to all the nations and all the republics of Yugoslavia. Bakocevic stressed that support was voiced during the meeting for the efforts for a historic agreement between Muslims and Serbs being reached in Bosnia-Hercegovina.

President of the Assembly of Bosnia-Hercegovina Momcilo Krajisnik said that the initiative includes what the leadership of Bosnia- Hercegovina has been advocating so far. The initiative offers what is in the interest of Bosnia-Hercegovina—the preservation of that republic, its equality with other republics, openness towards all other Yugoslav republics and nations, and the preservation of Yugoslavia, which is, of course, in the interest of Bosnia- Hercegovina.

Asked by a number of journalists to comment on the non-arrival of Bosnia-Hercegovina Presidency President Alija Izetbegovic to the meeting in Belgrade, Krajisnik recalled that Izetbegovic had replied that the time of the meeting did not suit him and that he saw no reason why he should not take part in a meeting to be held sometime next week. Bakocevic added that Izetbegovic had asked to see an agenda for the meeting, and since the initiative has now been offered, all his demands have been fulfilled. It was not said where the next meeting will be held.

Risto Vukcevic said that it was important to understand that the initiative is being proposed by those who are for Yugoslavia and that it is a serious document because it relates to the greater part of Yugoslavia. The novelty is, he added, in the methodological approach, because those are now the republican parliaments that will be trying to find solutions; he also urged that the present cease- fire in Croatia be used for negotiations.

International

BORBA Cites EC Report on Military Situation

LD1208132391 Belgrade TANJUG in English 1102 GMT 12 Aug 91

[Text] Belgrade, Aug 12 (TANJUG)—The European Community (EC) observer group has described the situation in Slovenia as calm in general and the level of activity of the Yugoslav People's Army as somewhat reduced. These assessments are contained in the latest report of the EC observer mission in Yugoslavia, sent to all the participant countries of the Conference on Security and Cooperation in Europe (CSCE). Excerpts from the report were published by the Belgrade daily BORBA on Monday.

The EC mission warns in its report that 'it seems the Slovenian Territorial Defence intends to maintain control over Yugoslav Army barracks with equipment and ammunition in them' and points out that the Yugoslav Army, which 'seems to have abandoned most, if not all security points on international borders,' is currently being 're- located.'

The Territorial Defence of Slovenia, according to the report, 'occasionally returns only smaller quantities of seized weapons and ammunition.' The report says that 'the Slovenians continue to put up only Slovenian flags and signs at international border crossings' but adds that there is also 'fresh evidence of a further substantial reduction in the activity and the number of the Slovenian Territorial Defence.'

The report also says that 'most roads have been freed of obstacles' but that 'obstacles were found in western parts of Slovenia, near Rijeka.'

EC Commission Emergency Session Discusses Crisis

LD1308031291 Belgrade TANJUG in English 2343 GMT 12 Aug 91

[Text] Brussels, August 12 (TANJUG)—Hans van den Broek, chairman of the EC Council of Ministers and the Dutch diplomacy chief, said here today that a thing of utmost importance now is to have a cease-fire in Yugoslavia and to start negotiations on Yugoslavia's future, "a matter only Yugoslavia's peoples can decide."

"If, however, these negotiations, which should start tomorrow, fail to produce fruit, the Twelve are going to organize an international conference in their capacity as mediators so as to help with coming to an agreement in Yugoslavia. Nationalism and separatism cannot be Europe's future," Van den Broek emphasized.

The Dutch minister addressed an emergency meeting of the European Political Commission on the situation in Yugoslavia.

"The EC has brought its influence to bear on developments in Yugoslavia and still can do so," Van den Broek said and informed the gathering that the EC has asked from twenty or so countries not to deliver any arms to Yugoslavia.

Ten or so many days ago, Van den Broek stayed in Yugoslavia at the head of an EC peace "troika," but this mission, as he himself said at the time, ended in failure.

No consensus having been reached at today's meeting of the EC Political Commission on a joint draft declaration on Yugoslavia, Cassnmagnigo Cerreti, the commission chairwoman, decided, in accordance with the statute, to proclaim the declaration to be "a chairman-brought one." The declaration calls on all sides in Yugoslavia to stop fire and seek a peaceful agreement, the Federal Army remaining neutral.

In an appeal, making up this document's Part Two, together with a call to all sides to abstain from clashes and start negotiating on Yugoslavia's future, for the first time ever the parliaments of Yugoslavia's republics are

being called to start direct contacts with Strasbourg to make negotiating in Yugoslavia more successful.

Soviet Georgia Recognizes Slovenia's Independence

AU1308085291 Ljubljana Radio Slovenia Network in Slovene 2000 GMT 12 Aug 91

[Text] The Georgian Supreme Soviet adopted a resolution today by which this Soviet republic acknowledged the declaration of Slovenia's independence. The resolution states that the Georgian parliament officially recognized the creation of the independent state of Slovenia and that it is willing to help the struggle of the Slovene nation for self-determination.

The Georgian Supreme Soviet hopes that all problems linked with the formation of a new European country will be resolved without the use of force and through peace negotiations. Georgia is willing to start talks regarding the establishment of diplomatic relations with Slovenia. It would also like to deepen the friendly relations between the nations of those two countries, the Georgian parliament resolutions state, among other things.

In the interim, the Soviet Foreign Ministry this evening denied any legal grounds to Georgia's recognition of Slovene independence. The ministry points out that two weeks ago Lithuania also recognized Slovenia, but the resolutions of the two republics will bear no international-legal consequences, because the republics are not subject to international law.

Tudjman Asks EC Help in 'Taming' Serbs

LD1008080391 Berlin ADN in German 0545 GMT 10 Aug 91

[Text] Hamburg (ADN)—Croatia's President Franjo Tudjman has asked the EC states for help in "taming the expansionism and vandalism of the Serbs". Defending the freedom of Croatia is a "matter for all of Europe," Tudjman said in an interview with the Hamburg news magazine DER SPIEGEL.

The Croatian president gave the assurance that he will continue to try to resolve the Yugoslav crisis using peaceful means, through talks, and to avoid a total war with many victims. But if it is necessary to defend independence "the people will also oppose the tanks using their bare hands". (The item was prereleased in an edited version)

Serbian Foreign Minister on National Question

LD1208155191 Belgrade TANJUG in English 1504 GMT 12 Aug 91

[Text] Prague, August 12 (TANJUG)—Serbian Foreign Minister Vladislav Jovanovic has said in an interview to the leading Czech daily 'LIDOVE NOVINI' that a disintegration of Yugoslavia 'will reopen the Serbian national question.' Jovanovic said that 'Serbia and the Serbian people have invested the most into the creation of Yugoslavia and the concern of Serbia for a common state is very clear.'

According to the interview, Serbia pleads for 'a real and flexible federation' and does not want 'any convention union or confederation.'

Regarding relations between the two largest peoples in Yugoslavia—Serbs and Croats—the minister said that 'the Serbo-Croatian conflict broke out at the time of the new Croatian government's coming into power.' The first postwar multi-party elections in the Yugoslav Republic of Croatia, in April last year, were won by the Croatian Democratic Union (HDZ), led by former Tito's general Franjo Tudjman. The new Croatian government 'calls itself democratic, but essentially it is democratic only because it was chosen at democratic elections, not because of its aims and methods ...' Jovanovic said.

Croatia

Tudjman Sees Victory in Case of All-Out War

AU1208114891 Hamburg DER SPIEGEL in German 12 Aug 91 p 116

[Interview with President Franjo Tudjman by an unidentified reporter; place and date not given: "To Subdue Vandalism"]

[Text] [DER SPIEGEL] After the cease-fire that was proclaimed by the SFRY State Presidency parts of Croatian territory are still controlled by the Serbs. Will the Serbs ever give these areas back voluntarily?

[Tudjman] If Serbia accepts the sovereignty of the Republic of Croatia, it can also achieve that the Serbian terrorists give up their plans, and we can reach a peaceful solution. However, Serbia will be ready for this only if it can be made to accept the political development within Yugoslavia and Europe.

[DER SPIEGEL] What happens if Serbia does not do that?

[Tudjman] Then Croatia will defend its integrity and wage a war, even under the current conditions that are so unfavorable for Croatia.

[DER SPIEGEL] State President Stipe Mesic has called on the EC and the CSCE to work more intensively than they have so far for peace in Yugoslavia. Are you also disappointed with the EC efforts?

[Tudjman] No. In the past there were questions and doubts in some EC countries, but now the view has gained ground everywhere that we are dealing with an aggression on the part of Serbia. A further involvement of the EC could help to stem the war.

[DER SPIEGEL] Could you also imagine the use of foreign peacekeeping forces?

[Tudjman] Yes, but only if these troops supervise the borders between Croatia, Serbia, and Bosnia-Hercegovina and prevent further terrorists from Serbia from advancing onto our territory.

[DER SPIEGEL] What do you expect of Germany?

[Tudjman] The Croat public have long asked themselves why Germany was so restrained in this crisis. However, most recently Germany has adopted a very clear position.

[DER SPIEGEL] Would Europe be able to stop Serbia's expansionism?

[Tudjman] This would be the task of the Yugoslav peoples, above all. The Croats, Slovenes, and Macedonians have already defended themselves against this urge for expansion. However, because the Serbs control the Federal Army, we need Europe's help to subdue this expansionism and vandalism of the Serbs. Defending Croatia's freedom is a matter of all of Europe.

[DER SPIEGEL] Not only from Serbia but also from Western countries one hears criticism that the followers of the old fascist Ustasha regime are gaining ground in Croatia.

[Tudjman] No. Serbian propaganda tirelessly claims that the Serbs who live in Croatia have to defend themselves against a brutal Ustasha regime. This is nonsense. We have managed to establish an intellectual unity of the Croats. Extremist elements, who are close to the Ustasha ideology, do not have access to power.

[DER SPIEGEL] There are many voices in Zagreb that demand the severance of all contacts with the Serbs.

[Tudjman] I want to continue my attempts to solve the crisis through peaceful means, by talks, and to prevent an all-out war with many unnecessary casualties.

[DER SPIEGEL] Is Croatia prepared for such a war?

[Tudjman] We do not have enough weapons. However, if it is necessary to defend independence, the people will defend themselves against the tanks with their blank fists.

[DER SPIEGEL] This would be suicide.

[Tudjman] No. Of course, an all-out war would claim many casualties, but in the end we would win.

[DER SPIEGEL] You have taken part of the Croat opposition into your government, after there was reportedly an attempted putsch against you in your party. What was behind that?

[Tudjman] The issue was not so much a putsch but the scenario of Greater Serbian policy. This aimed at winning the hawks within the government party in Zagreb and the Croat opposition over to overthrowing the legitimate government, parallel to the attack by the Army. However, the gentlemen failed miserably.

[DER SPIEGEL] Would it have been better to offer the Serbs who live in Croatia comprehensive autonomy much earlier?

[Tudjman] This is what we tried to do. We also proposed to the extreme Serbs to hold talks with us. But they rejected this because they had received orders to the contrary from Belgrade. We guarantee all Serbs who are willing to cooperate with us—and those are the majority—all cultural and civic rights and local autonomy.

[DER SPIEGEL] Is this too little, too late?

[Tudjman] What does too little mean? We cannot give them more. In the areas of crisis, from Knin to Slavonia, live 25 percent of the Serbs in Croatia. The majority lives in the cities. Therefore, it is not a solution to offer them territorial autonomy. Ceding Croat territory is out of the question, for historical and geopolitical reasons.

[DER SPIEGEL] Do you consider an approach toward Slovenia—under the motto "Crovenia"—possible?

[Tudjman] No. We do not want to form a new utopian state. There may be a federation between a sovereign Croatia and a sovereign Slovenia following the model of the EC—but nothing more.

Foreign Minister on Autonomy of Serbs

LD1208185191 Belgrade TANJUG in English 1716 GMT 12 Aug 91

[Text] Vienna, August 12 (TANJUG)—Foreign Minister of the Yugoslav Republic of Croatia Zvonimir Separovic said in Vienna today that "Serbs in Croatia will get cultural autonomy and local self- management if they recognize the state of Croatia."

Separovic, who is on a several-day-long unofficial visit to Austria, today held a press conference and again urged the international community immediately to recognize the sovereignty of Croatia." [no opening quotation marks as received] He said that this was "the only way to pressure Serbian [word indistinct] and to save the world from a new conflict."

On June 25, Croatia proclaimed sovereignty and independence—on the grounds of a previously conducted referendum—and the beginning of the process of dissociation from Yugoslavia that will last two years.

Separovic also said that "Croatia will in future only defend itself," that it "will not wage an aggressive war, of which it is not capable" because, as he pointed out, it was "weaponless."

The Croatian foreign minister criticized Serbian republican President Slobodan Milosevic for wanting to

change interrepublican borders by force and create a Greater Serbia, as he said. "He is the last imperialist in Europe," Separovic said.

Separovic Requests International Recognition

AU1208210891 Vienna ORF Television Network in German 2000 GMT 12 Aug 91

[Interview with Foreign Minister Zvonimir Separovic by moderator Robert Hochner in the ORF Studio in Vienna; Separovic answers in German—live]

[Text] [Hochner] Mr. Minister, you became foreign minister on 3 August. You have come to Austria to convince Austrian politicians that it is important to recognize Croatia as soon as possible. Austria's position is clear. If Austria recognizes Croatia at all, it will do so only in agreement with other European countries, and only as a threat in case the Federal Army marches into Croatia. Are you disappointed at Austria's position, and did you expect more?

[Separovic] Yes and no. I am disappointed because Austria has not yet recognized Croatia. There is the hope that what we have done so far is a process, and I am here to convince the Austrian Government and Austrian politicians that it is very important and very urgent to recognize Croatia as soon as possible.

[Hochner] Mr. Minister, you said that you are a member of a broad government that has now been formed in your country. You used the term war cabinet. Do you think that a war with Serbia and the Federal Army is unavoidable, and do you think that a declaration of independence or the recognition of Croatia's independence is an effective means to prevent this threatening war?

[Separovic] We hope it will not come to war. We hope that all-out war can be prevented because war in Yugoslavia would not only affect the Croats and Serbs, but all of Europe. We hope, therefore, that international organizations—the European Community and the United Nations—as well as individual countries, in particular our neighbors and some EC countries, specifically Austria and Germany, which are our most important partners for the moment, will give us de facto recognition and, at a later date, recognize us formally and diplomatically, because then both republics—Slovenia and Croatia—could be considered sovereign European states and expect to receive international aid.

[Hochner] Mr. Minister, about 600,000 or 700,000 Serbs in your country would become foreigners as a result of Croatia's independence. Do you think, and does your government think, that it would be possible to cede Croatian territory with a Serbian population to Serbia?

[Separovic] Under no circumstances. Croatian territory remains Croatian. The Serbs will enjoy all human rights, and as for the Serbian minority, the Croat Government is ready to ask international organizations or international observers to control the rights of minorities. That also holds true for the present dirty war. We have nothing to hide, and we want to put everything under international control.

[Hochner] Let us discuss the worst case, which we all hope will not take place—if the Federal Army, which is dominated by the Serbs, attacks Croatia and tries to occupy it. Has the fighting so far not shown that, strictly speaking, Croatia is unable to defend itself?

[Separovic] We have only a very small defense force, and we are facing an army equipped with all the modern conventional weapons systems. Our strength lies in the people's belief and hope for peace, and in our expectation that our friends and the international organizations will make a very clear decision and help us.

[Hochner] Mr. Minister, I thank you cordially for your visit.

Planned Release of 70 Prisoners Fails

LD1208160491 Belgrade TANJUG Domestic Service in Serbo-Croatian 1533 GMT 12 Aug 91

[Excerpts] Belgrade, 12 August (TANJUG)—The release today of 70 people deprived of their freedom, as agreed yesterday in the village of Slavonska Kopanica between all interested parties, did not happen. This was announced in the head office of the commission for the supervision of the cease-fire in the Republic of Croatia.

According to the same source, the agreement could not have been implemented because the representatives of the Serbian people in Slavonija, Baranja and Western Srem were unable to fulfill their precisely agreed commitments by the stipulated deadline.

This was immediately reported to the chairman and members of the commission for the supervision of the cease-fire, who had a brief working meting today. In this connection they asked for everything to be done for the consistent implementation of the 8 August agreement between all interested parties so that all the people deprived of their freedom can be released. [passage omitted]

Answering a TANJUG question on how the agreement could be given life, the commission head office said that intensive activity is underway to eliminate the existing difficulties and that the agreement could be carried out either tomorrow or the day after.

Information Ministry Says Over 30,000 Refugees

LD1208123991 Belgrade TANJUG Domestic Service in Serbo-Croatian 1202 GMT 12 Aug 91

[Text] Zagreb, 12 Aug (TANJUG)—There are in Croatia now 9,157 refugee families totaling 30,651 members. This is what Bernardo Jurlina, the minister for labor and social welfare told journalists today during the news

conference organized by the Croatian Ministry of Information. He said that the problem of reception, accommodation, and return of the refugees will be discussed by the Croatian government tomorrow.

Ninety percent of the refugees are Croatian nationals, and others are Serbs or members of other nationalities, said Jurlina. Jurlina said that his ministry "had carried out an organized system of reception of military personnel and of civilians employed by the YA [Yugoslav Army] who had left the Army." Every case of those who have left is processed separately, and most of these people are in Zadar, Split, Zagreb and Sibenik," said Jurlina. Jurlina said that all leaving the Army "are given one-off financial assistance and are helped taking into account their wishes, and current possibilities in the Croatian Republic as well."

Osijek Police Say Railroad Line Blown Up

LD1208205691 Zagreb Radio Croatia Network in Serbo-Croatian 2000 GMT 12 Aug 91

[Excerpt] The police administration in Osijek has just informed us that half an hour ago the Osijek-Beli Manastir railroad line was blown up by unidentified perpetrators. The incident occurred between the railroad stations at Mece and Darde [passage omitted]

Four National Guard Corps Members Captured

LD1208132491 Belgrade TANJUG Domestic Service in Serbo-Croatian 1233 GMT 12 Aug 91

[Excerpts] Knin, 12 Aug (TANJUG)—At about 0400 this morning the "local patrol" of the village of Trljuga [placename as received] of Benkovac area captured four members of the Croatian National Guard Corps. [passage omitted] They have been detained in the Knin Secretariat for Internal Affairs prison. In his statement to the journalists, Nikola Amanovic, assistant secretary of the Knin Secretariat for Internal Affairs, claimed that the National Guard Corps members "had been armed to carry out special tasks."

Army Choppers Kill Six Krajina Reservists

LD1208140191 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 12 Aug 91

[Summary] Ivan Bobetko, chairman of the crisis headquarters for Banija, Posavina, and Moslavina, told a news conference today that in an incident near Topusko in the villages of [word indistinct] and Ponikvari, Yugoslav Army helicopters accidently fired at a farm in which there was a group of the so-called Krajina police reservists. At least six of them were killed in this attack.

Reportage on Separovic's Visit to Austria

WA1308104691

For reportage on the visit by Croatian Foreign Minister Zvonimir Separovic to Austria, including reports on his talks with Austrian Chancellor Franz Vranitzky, see the Austria section of the 12 August West Europe DAILY REPORT and subsequent issues.

Bosnia-Hercegovina

Reporter Reviews Bosnian Political Scene

AU1208190091 Belgrade Radio Belgrade Network in Serbo-Croatian 0800 GMT 11 Aug 91

[Ljubomir Nikolic report from the "Sunday at 10" program]

[Text] The Bosnia-Hercegovina scene is becoming more and more troubled. The announced historic agreement between the Serbs and Muslims is gaining more and more supporters. Several political parties have expressed support for this document, but it is still opposed by the Party of Democratic Action [SDA] and the Croatian Democratic Community [HDZ]. Here is a report from Sarajevo by Ljubomir Nikolic:

[Begin Nikolic recording] There were several events and personalities marking political life in Bosnia-Hercegovina last week. The agreement between the Serbian Democratic Party [SDS] and the Muslim Bosniak Organization [MBO], considered historic, is still the focus of attention. Two other issues attracting considerable interest are the refugee problem and Alija Izetbegovic's refusal to participate in tomorrow's meeting with Slobodan Milosevic and Momir Bulatovic, as well as the announcement of Biljana Plavsic and Nikola Koljevic on freezing their participation in the work of the Presidency of Bosnia-Hercegovina.

One should also not ignore the behavior of (?Jerko Dolko), minister of defense in the republican government, and an increasing number of young men, ethnic Muslims and Croats, fighting in the units of the Ministry of Internal Affairs and the National Guard of the Republic of Croatia.

It is quite clear now that the agreement between the SDS and MBO has an increasing number of supporters. Prominent and respectable personalities from both sides are supporting the agreement. They point out that it is a chance for permanent peace and a solution to the political crisis in Bosnia-Hercegovina and Yugoslavia. Thus, famous film director Emir Kusturica says that the Muslim-Serb agreement has a long-term perspective and that accusations by Alija Izetbegovic and his SDA party that, with this agreement, Muslims have capitulated before the Serbs are (?funny). Kusturica says that the Muslims are offered a chance of which they must take advantage.

At their joint meetings, representatives of the two parties explained the purposes and significance of the document. They will continue to do so over the next 10 or so days, after which the agreement is expected to be signed.

The efforts exerted by Adil Zulfikarpasic and Radovan Karadzic were hailed by several political parties in

Bosnia-Hercegovina: the Federalists, Reformists, Socialists, League of Communists—Movement for Yugoslavia, Party of Yugoslavs, and some parts of the Socialist Democratic Party—the former Communists. They are opposed only by the SDA, HDZ, and a part of the leadership of the Socialist Democratic Party led by Nijaz Durakovic.

Karadzic and Zulfikarpasic refute the basic contention that what is involved is an agreement by two peoples, with the third, the Croats of Bosnia-Hercegovina excluded, by saying that Stjepan Kljujic, leader of the HDZ of Bosnia-Hercegovina, was included in the talks and that (?he knew everything about) the agreement. It seems that apart from vanity, the main reason to refuse any agreement with the Serbs is a permanent and a firm connection of Alija Izetbegovic and like-minded people with the HDZ in Zagreb and Sarajevo. Alija Izetbegovic expressed his animosity toward Serbian politicians who are legitimate representatives of the Serbian people, by refusing to go to Belgrade tomorrow for talks with Slobodan Milosevic, Momir Bulatovic, and the presidents of the assemblies of Serbia, Bosnia-Hercegovina, and Montenegro. As his reason for not coming, Alija Izetbegovic cited his wish that the heads of all six republics should participate in such a meeting, and that there had been no time for the necessary consultations with the Presidency and Assembly of Bosnia-Hercegovina. However, he did not say that there had been no such agreements before his trips to Iran, Libya, and Turkey, his meeting with Kurt Waldheim, and his attendance at the enthronement of the young Croatian democracy and of Franjo Tudjman.

With such moves, Alija Izetbegovic, among other things, aids the radical Serbian circles who receive with disbelief and distrust all attempts and efforts of the SDS to build bridges of friendship and permanent peace between Serbs, Muslims, and Croats.

Dissatisfied by the approach of the other members of the Presidency of Bosnia-Hercegovina, Dr. Biljana Plavsic and Professor Nikola Koljevic announced the suspension of their participation in that body's work. Dr. Biljana Plavsic and Prof. Nikola Koljevic point out that the Presidency is working without any rules of procedure; that Alija Izetbegovic has privatized that body; that decisions, even those of great importance, are adopted by majority vote; and that the representatives of the Serbian people are constantly ignored.

How right these claims are is perhaps best illustrated by Ejup Ganic's reaction to the decision of these two members. We can work and make decisions without them as well, Ganic says, forgetting that these decisions do not have much significance and importance without being verified by the Serbian people and their representatives.

About 10,000 Serbs fleeing from Croatia to Bosnia-Hercegovina have arrived in the region of Bosanski Novi and Kostajnica. The Government of Bosnia-Hercegovina has finally accepted that fact and begun offering material aid to these (?luckless people). On this occasion, one should shed light on some wonderful examples of human solidarity—wide-open doors of many Muslim and Croatian houses to children, mothers, and other refugees from the left bank of the Una. This is one more example of the fact that harmony is possible in this region and that it represents the best and only solution.

Some heated reactions among the people of Bosnia-Hercegovina were caused by various gestures by (?Jerko Dolko), Bosnia-Hercegovina minister of defense. One can see the extent of the arrogance of this HDZ official from a letter that his assistant (?Hazet Begovic), head of one of the most important departments in the republican government, has sent to corresponding figures in the republic. This letter mentions many mistakes and unlawful doings, ranging from a permanent telephone line with Zagreb—the only one this ministry has had with other parts of the country—to maltreatment of Army personnel, an anti-Army attitude, and financial abuses.

Among other things attributed to (?Dolko) are the preparations of Croats in western Hercegovina for attacks against the Serbian Autonomous Region of Krajina, about which Dr. Radovan Karadzic says the following: If that happens, the Serbs, and particularly those from eastern Hercegovina, are going to retaliate violently. They will come to western Hercegovina to make the other side pay for the Ustasha genocide of 50 years ago.

The republican government, as well as other republican bodies, is expected to examine the minister's behavior but, considering the general political situation in the republic and the balance of power in these bodies, it is hard to believe that any sanctions will be taken against (?Dolko).

Finally, let us say a few words about the large number of ethnic Croatian and Muslim young men who are fighting in the units of the Ministry of Internal Affairs and the National Guard of the Republic of Croatia. Their number is estimated in the several thousands, and it is known that many of them were tricked into going there through great, mostly unfulfilled, promises. The tragedy lies in the fact that many of them are being returned home in coffins, with night funerals in Muslim and Croatian villages a secret no longer.

The SDS has recently sent an appeal to those people to come back to their homes immediately and not fight against the Serbian people in Croatia any longer. If they do so at once, everything will be forgiven. If not, they must expect sanctions, the SDS of Bosnia-Hercegovina said.